

**EXPLORING THE RELATIONSHIP  
BETWEEN  
ABORIGINAL PEOPLES  
AND  
THE CANADIAN FOREST INDUSTRY:  
SOME INDUSTRY PERSPECTIVES**

March 1998

A report by  
**The Institute On Governance**  
122 Clarence Street, Ottawa, Ontario K1N 5P6  
(613) 562-0092

## TABLE OF CONTENTS

### EXECUTIVE SUMMARY

|    |   |    |
|----|---|----|
| 1. | INTRODUCTION .....                              | 1  |
| 20 | THE CANADIAN FOREST INDUSTRY: THE CONTEXT ..... | 4  |
| 3. | THE ATLANTIC PROVINCES.....                     | 16 |
| 4. | QUEBEC .....                                    | 20 |
| 5. | ONTARIO .....                                   | 26 |
| 6. | THE PRAIRIE PROVINCES .....                     | 32 |
| 7. | BRITISH COLUMBIA .....                          | 41 |
| 8. | CONCLUSIONS AND RECOMMENDATIONS.....            | 55 |

### APPENDICES

|     |  |    |
|-----|--|----|
| I   | COMPANIES AND ASSOCIATIONS THAT PARTICIPATED IN<br>THE INTERVIEW PROGRAM ..... | 61 |
| II  | QUESTIONNAIRE FOR COMPANIES .....  | 62 |
| III | QUESTIONNAIRE FOR FOREST INDUSTRY ASSOCIATIONS.....                            | 64 |

## **EXECUTIVE SUMMARY**

### **Purpose**

Relationships between corporate Canada and Aboriginal peoples are becoming increasingly important for a variety of reasons: the significant growth in the Aboriginal labour force; land claims and self-government negotiations and agreements; environmental assessment procedures; disputes over lands and resources; and employment equity legislation, to name a few.

A number of recent books and studies have documented the type of activities that are reshaping the relationship between corporate Canada and Aboriginal peoples. Nonetheless information on the forest industry's activities appear to be spotty at best. Such information should prove useful for government policy-makers and program managers for several reasons:

- 30 it is important that scarce public program dollars be used to complement rather than duplicate industry efforts; and
- 10 there may be policy instruments that could encourage further industry activity and innovation.

Information about industry best practices might also assist Aboriginal organizations, individual companies and provinces in their efforts to fashion new partnership arrangements.

With these general observations as background, the objectives of this study are three-fold:

1. to provide federal government policy-makers with an overview of activities of some of the key players in the forest industry, including motivations, impacts and trends in terms of their relationship with Aboriginal peoples;
2. to indicate possible public policy implications of these activities; and
3. to determine whether further research would be useful.

In meeting these three objectives, this study should prove to be a useful supplement to the results of the review now underway of the First Nation Forestry Program.

### **Methodology**

The Institute worked with officials from Natural Resources Canada - Canadian Forest Service to determine an appropriate sample for this project so that the research would be manageable within the time and funding constraints. The starting

point was to limit the study to companies in the primary (harvesting) and secondary (pulp and paper, wafer board and sawmills) segments of the industry, leaving aside the producers in the tertiary or 'high value' end (producers of hard wood floors, sash doors, mouldings etc.) Interviews were conducted from November 1997 – January 1998, only with industry officials so as not to confuse this study with the review of the NRCAN-DIAND First Nation Forestry Program.

A second determining element was to limit the sample to the largest firms, on the assumptions that first, they will be the players most likely to have taken a proactive approach and second, that the impacts of actions taken by these large firms will be the greatest within the industry.

A third factor was to choose the firms in the sample equally from the five major regions across Canada - the Atlantic Provinces, Quebec, Ontario, the Prairie Provinces and British Columbia. Finally, to add breadth to the sample, the Institute interviewed at least one industry association from each region across the country.

### **Organization of this report**

The report's organization is straightforward. The first section provides an overview of the Canadian Forest Industry with particular focus on the factors that are influencing relationships of the industry with Aboriginal peoples. The next five sections summarize the results of the interviews on a region by region basis. In the final section of the report, the Institute draws together the major conclusions of the study and makes a number of recommendations for further action.

### **Conclusions**

The Institute's main conclusions, based on the survey of contextual factors and the interview program of some thirty-five firms and industry associations, can be summarized in the following sixteen points.

**a0 A transformation has occurred over the past ten years in terms of the context in which the forest industry and Aboriginal peoples relate to one another.** This transformation has resulted from a variety of factors. Some are of an international nature, including a succession of international agreements and initiatives which recognize and support sustainable forest management coupled with strong Aboriginal participation; others that are specific to Canada such as important court decisions and new forestry legislation that have helped protect Aboriginal rights to traditional pursuits and ensure Aboriginal participation in forest management.

**b0 There have been and will continue to be some counter currents to the overall direction of greater Aboriginal involvement in the industry. For**

example, a change in government may result in policy changes or political pressures may intensify from non-Aboriginal interests because of their perception of 'inequities' in the treatment of Aboriginal interests. Nonetheless, there appear to be significant pressures in play such that the general trend will continue.

**c0** One important result of this transformation is that forestry firms state unequivocally that a strong "business case" exists for developing closer ties with Aboriginal communities and, more particularly, for taking pro-active measures to create economic benefits for Aboriginal communities and businesses.

**d0** The lack of comprehensive data makes it impossible to quantify with any precision what the results of this change in the relationship has meant in terms of contracts to existing Aboriginal businesses, the formation of new businesses, increased employment and training opportunities, new joint ventures and other benefits such as protection of traditional Aboriginal pursuits related to the forest. There is even a paucity of good case material at the level of the individual firm.

**e0** Based on the interview program and other corroborating evidence, the Institute can state with some confidence that business development is an area where impressive results are being achieved. In Ontario, for example, where the Institute was able to obtain the best quantitative information, some five firms last year awarded contracts, mainly in the areas of harvesting, trucking and silviculture, in the range of \$16 million.

**f0** Coupled with the awarding of contracts to Aboriginal firms are the strong efforts being made by many firms in our sample to help build managerial and financial capacity among these businesses. Some of the ways forestry firms are doing this are as follows:

- 10 altering cash flow payments to help with working capital difficulties;
- 20 breaking contracts into smaller pieces to allow newer firms a better chance to compete;
- 30 lending equipment;
- 40 developing a data base of Aboriginal firms to facilitate contracting;
- 50 assisting in the development of bids;
- 60 helping firms lend money from conventional banking sources; and
- 70 in one case, establishing a forgivable loan fund of \$150 K.

**g.** Joint ventures are another important development in the relationship. An industry survey in 1994 reported fourteen such ventures in BC alone. In other parts of Canada our survey indicated four in the Prairie Provinces and two in

Quebec. Several more appear to be in various stages of negotiations. And other firms in our survey have indicated, sometimes publicly and in writing, a willingness to explore joint initiatives.

**h0 A large portion of the firms that the Institute contacted have ongoing relationships with Aboriginal communities, relationships which often find expression in the form of letters of agreement or MOUs.** Some of these agreements are comprehensive documents covering business opportunities, training and employment, protection of sensitive sites, and participation in forest management planning.

**i0 Asked about 'lessons learned' in forging these new relationships, many firms expressed the following**

- 10 there is no single formula** – each Aboriginal community is different;
- 20 this is a long term venture;** mutual trust can not be built quickly;
- 30 a successful relationship can be richly satisfying to both sides;**
- 40 two way learning is an aspect of any effective relationship;** and  
**at the top of many First Nations' agendas is the need for training their people so that they can get jobs.**

**j. Increasing Aboriginal employment levels within the industry appears to be the most significant challenge facing the industry.** There are some bright spots – for example, an industry association in BC in 1994 estimated that Aboriginal employees accounted for some 4 to 5 percent of industry employment, (overall Aboriginal percentage of the population is 3.7 percent). Furthermore, within our survey we found some impressive examples:

- one Ontario firm, with a number of sawmill operations, estimated that a quarter of its 4,000 employees were Aboriginal in origin;
- another Ontario firm has embarked on a multi-million dollar pre-employment training program, involving over a hundred Aboriginal participants;
- two BC firms estimate that about 40 percent of their woodlands employees are Aboriginal; and
- in the prairie region, one firm in the survey estimated that 30 percent of its employees were Aboriginal in origin, another, in the 20 to 25 percent range (with 50 to 60 percent of its woodland employees being Aboriginal)..

**k. The large majority of firms in the sample stated that they have no special hiring programs directed at Aboriginal people, that their policy was to hire the best person for the job, regardless of background and that they do not track the number of Aboriginal employees.** Further, a major problem from the

perspective of these firms is that most Aboriginal aspirants lack the educational background to be successful candidates. Other constraints cited were the following:

- some resistance from unions to change existing hiring rules;
- hiring processes which are not 'friendly' to Aboriginal applicants; and
- existing training opportunities, often located far from the Aboriginal communities, are not attractive or appropriate;

**I. Only a small number of firms sampled have cultural awareness training for their non-Aboriginal staff.**

**m0 Only one firm in our sample had developed a corporate policy to guide its relationships with Aboriginal peoples.** This policy contained sections relating to business development, employment, increasing the cultural awareness of their own employees, and community relations and had a series of measures against which the company (and outsiders) could gauge progress. Several other firms indicated their intention to develop such a policy or referred to Aboriginal-related statements, especially in regard to public participation, in other policies

**n0 With one or two exceptions, the industry associations that the Institute approached as part of this survey do not play any significant role in the development of relationships between their members and Aboriginal peoples, save for representing industry-wide interests in legislation change processes.**

**o0 There is a near consensus among interviewees in this survey that forestry industry and Aboriginal businesses and communities can best develop solid business relationships without the direct involvement of governments.** Interviewees, not surprisingly, have few suggestions for changes in government policies or programs and view the value of government as one of providing funding for initiatives, whether in business development or employment, initiatives which are conceived by forestry companies and their Aboriginal partners.

**p0 Despite the immense promise that participation in the forestry industry by Aboriginal people holds for furthering their economic prospects and well-being, there does not appear to be any multi-party focus on how progress in this area could be encouraged.**

## **Recommendations**

Given the limited focus of this study, the recommendations flowing from it are relatively modest in nature. The recommendations outline activities and approaches which the CFS, and other actors, might consider undertaking in three key areas:

## *10 Creating a multi-party focus on the forest industry*

**a0 through the federal representatives on the new Aboriginal Human Resources Council<sup>1</sup>, have this Council establish the forest industry as one of its early priorities.**

The key arguments for pinpointing this industry are the following:

- the forest industry is by far the most important for Aboriginal people across Canada because of its size, its economic impact, its proximity to many Aboriginal communities and the importance with regards to traditional activities;
- for a host of reasons, the forest industry presents a multitude of opportunities for Aboriginal businesses and communities; and
- there are significant constraints to making progress, constraints that require the attention of Aboriginal people, industry, unions and both levels of government to solve together.

**b. Initial agenda items that this Council might consider, should it decide to focus on the forest industry, could include the following:**

- **gaining a better understanding of why certain regions, in particular the Atlantic provinces, lag far behind their western counterparts;**
- **identifying success factors in effective joint ventures;**
- **analyzing whether and how government programs and the initiatives of firms to build business capacity might be better meshed;**
- **understanding the reasons why Aboriginal employees in certain firms are an important percentage of the overall work force; and**
- **analyzing the most successful approaches to training both on the job and in pre-employment situations.**

## *20 Undertaking further research*

The Council may take a number of months to get off the ground and even longer to establish its priorities and undertake some early initiatives. In the meantime, the CFS and / or other actors might continue to undertake some modest research projects that could inform the work of this Council and others interested in the issues. The results of this research should be made widely available.

**c. the following types of research projects could help deal with the existing lack of good information:**

- **undertaking case studies of firms that have been successful in hiring and training large numbers of Aboriginal employees;**

---

<sup>1</sup> Aboriginal Peoples and the Canadian Foreign Affairs and International Trade Ministers and business leaders announced the formation of this Council in late January, 1998. The new Council will seek partnerships with businesses to improve the economic situation of Aboriginal peoples and expects to be operational by May of this year.



- analyzing efforts that some firms are taking to build business capacity in Aboriginal firms; and
  - undertaking case studies of joint ventures.
- d. developing a short compendium of corporate policies aimed at Aboriginal relations, policies emanating both from forest companies and those in other industries, and disseminating this compendium widely (perhaps through the Internet) to both the industry and First Nations, could provide practical examples of possible approaches.**

A number of companies in the Institute's sample were about to begin work on a corporate strategy. While such a strategy may not be useful for all industry players, it may help others send a clear signal to their employees, increase consistency across the company and develop tracking mechanisms so that firms can measure their progress. A compendium of existing policies might speed progress at very little cost.

**e0 an appropriate organization could pull together some model agreements developed between Aboriginal communities and forest industry firms, and make these widely available.**

**f0 dissemination of the findings of this report to those firms that participated in the study, to provincial governments and to First Nations, would improve the sharing of information among interested players.**

### *3. Developing better data on the relationship*

One of the major problems facing policy makers in the public sector, Aboriginal organizations and industry sources is the lack of good data on such key variables as business formation, existing companies and Aboriginal employment in the industry.

**g. working with other departments with Aboriginal mandates, and with industry sources, there may be inexpensive approaches to periodic sampling in order to measure progress and trends in:**

- **Aboriginal employment and training in the industry**
- **Business development.**

**h. the development and dissemination of a compendium of federal, territorial and provincial policies, and those aspects of forestry legislation, of direct relevance to Aboriginal firms and communities, might be undertaken through the existing program structure of the First Nations Forestry Program.**



**EXPLORING THE RELATIONSHIP  
BETWEEN  
ABORIGINAL PEOPLES  
AND  
THE CANADIAN FOREST INDUSTRY:  
SOME INDUSTRY PERSPECTIVES**

## **1. INTRODUCTION**

### **1.1 Background**

Relationships between corporate Canada and Aboriginal peoples are becoming increasingly important for a variety of reasons:

- the Aboriginal labour force is growing at twice the Canadian rate and, in certain areas of the country, Aboriginal people represent an important pool of potential employees, with significant skill levels, upon which to draw;
- Aboriginal leaders are seeking ways for their peoples to become economically more self-reliant by sharing in economic activity affecting their traditional territories;
- land claims and self-government are an important element in redefining the role and power of Aboriginal governments;
- employment equity legislation and human rights legislation have a direct impact on a large number of companies across Canada;
- environmental assessment procedures make it essential for resource companies and utilities to take into account the concerns of Aboriginal communities; and
- over 70% of First Nation communities are located in Canada's forest zone and depend, to some degree, on the forest and jobs from the forest industry to provide some economic and social stability to their communities.

Recent books<sup>2</sup> and studies have documented the type of activities that are reshaping the relationship between corporate Canada and Aboriginal peoples. These include:

- **companies' developing comprehensive policies or strategies**, supported by senior management, to guide their relationships with Aboriginal organizations and communities;
- **the development of education and training programs** specifically targeted at Aboriginal individuals;
- **the putting into place of a variety of programs to enhance the employment opportunities of Aboriginal people;**
- **the adoption of a wide range of measures to encourage Aboriginal business** - for example, set-aside programs for contracting, training

---

<sup>2</sup> See, for example, "Corporate Aboriginal Relations: Best Practice Case Studies" by Pamela Sloan and Roger Hill, published in 1995.

- programs, incentives for joint ventures, the provision of loans and equity contributions - to encourage Aboriginal small business; and
- **the negotiation of agreements with Aboriginal communities** to deal with future economic development activities and to resolve past grievances.

In 1997 by the Institute On Governance undertook a study for Aboriginal Business Canada, to examine the support for Aboriginal business by the public and private sector. The Institute concluded that the growth and dynamism in this area was occurring in the private sector and indeed, private sector support appeared to dwarf that provided by the public sector (to give two examples, Hydro Quebec last year had some \$70 million in contracts with Aboriginal firms, Syncrude had approximately \$40 million during the same period.) The Institute also concluded in this study that competitive forces were in play so as to encourage further growth and innovation in the private sector's efforts to forge new relationships with Aboriginal peoples.

Information on the forest industry's activities appears to be spotty at best. In the Sloan Hill study referred to earlier, only one forest industry firm is highlighted along with one industry association, the BC Council of Forest Industries. (Several other forest industry firms are mentioned as part of larger regional initiatives.) The Institute study did not survey any firms in the industry.

Information about activities and trends of the forest industry should prove useful for government policy-makers and program managers for several reasons:

- a) it is important that scarce public program dollars be used to complement rather than duplicate industry efforts; and
- b) there may be policy instruments that could encourage further industry activity and innovation.

Information about industry best practices might also encourage individual companies to adopt new approaches vis-a-vis Aboriginal peoples.

## **1.2 Objectives**

The objectives of this study are three-fold:

1. to provide federal government policy-makers with an overview of activities of some of the key players in the forest industry, including motivations, impacts and trends in terms of their relationship with Aboriginal peoples;
2. to indicate possible public policy implications of these activities; and
3. to determine whether further research would be useful.

In meeting these three objectives, this study should prove to be a useful supplement to the results of the review about to be undertaken of the First Nation Forestry Program.

### **1.3 Methodology**

The Institute worked with Canadian Forest Service officials to determine an appropriate sample for this project so that the research would be manageable within the time and funding constraints. The starting point was to limit the study to companies in the primary (harvesting) and secondary (pulp and paper, wafer board and sawmills) segments of the industry, leaving aside the producers in the tertiary or 'high value' end (producers of hard wood floors, sash doors, mouldings etc.) Interviews were conducted only with industry officials so as not to confuse this study with the review of the First Nation Forestry Program.

A second determining element was to limit the sample to the largest firms, on the assumptions that first, they will be the players most likely to have taken a proactive approach and second, that the impacts of actions taken by these large firms will be the greatest within the industry. Depending on the results of this study, subsequent phases might enlarge the sample of firms to include medium and small size entities.

A third factor was to choose the firms in the sample equally from the five major regions across Canada - the Atlantic Provinces, Quebec, Ontario, the Prairie Provinces and British Columbia. An alternative would have been to choose the sample weighted by economic activity (measured by value of shipments) in the five regions. This option was rejected for two reasons: first, it would have made inter-regional comparisons difficult and second, the small sample size in certain regions would have rendered confidentiality of individual company responses a problem.

Finally, to add breadth to the sample, the Institute interviewed some ten industry associations across the country. Among other things, these interviews probed the extent of any industry-wide activities.

By structuring the sample in this manner, generalizations about overall industry performance are not possible. Nonetheless, the Institute is able to come to some judgments about the importance of industry activity, whether there are inconsistencies from region to region, and how the large forestry firms stack up with their counterparts in other industries.

The Institute contacted officials from approximately forty firms in total, from November 1997 – January 1998. Of these, some 29 or roughly three-quarters of the firms agreed to participate in the study. All interviews were conducted by telephone and interviewees were assured that their responses would be kept confidential.

Appendix 1 contains the list of firms and industry associations that participated in the sample. Appendices 2 and 3 contain the questionnaire guides used for this study.

## **1.4 Organization of this report**

The report's organization is straightforward. The first section provides an overview of the Canadian Forest Industry with particular focus on the factors that are influencing relationships of the industry with Aboriginal peoples. The next five sections summarize the results of the interview on a region by region basis, looking at the contextual framework, policy and organization, employment and training, Aboriginal business, relationships with Aboriginal communities, and lessons learned from industry perspectives. In the final section of the report, the Institute draws together the major conclusions of the study and makes a number of recommendations for further action.

## **2. THE CANADIAN FOREST INDUSTRY: THE CONTEXT**

### **2.1 Size and Economic Importance**

By any statistical measure, the Canadian forest industry is an important contributor to Canada's economic prosperity. In 1996 it accounted for some 2.5 – 2.9% of the country's Gross Domestic Product.<sup>3</sup> In the same year, the total value of industry exports was \$38.3 billion, resulting in a net balance of trade of just over \$32.1 billion, an amount greater than that of the agriculture, fishing, mining and energy sectors combined.

Canada remains the world's largest exporter of forest products, with 20% of world forest products in 1996. Canada is also the world's largest producer of pulp (16%) and second largest producer of lumber (15%).

Over 363,000 people were employed by the close to 13,194 establishments, resulting in wages and salaries of over \$11.1 billion. Estimated indirect employment accounted for another 479,000 jobs, for total employment by the sector of 842,000 or about one in sixteen Canadian jobs. The forest sector is the country's largest non-urban employer and more than 330 communities are dependent on this sector for their livelihood. Table 1 below provides a breakdown of some of these statistics by the three major sectors making up the industry.

---

<sup>3</sup> The source for many of the statistics cited in this section is "Compendium of Canadian Forestry Statistics, 1996", (Canadian Council of Forest Ministers, 1997).

On a regional basis, British Columbia accounts for 37% of the total value of shipments, followed by Quebec at 25%, Ontario with 20%, the Prairie provinces with 8% and the Atlantic provinces with 7%.

From a financial perspective, the early 1990s proved to be difficult years for Canada's pulp and paper sector, which was subject to a world economic downturn coupled with significant capital expenditure associated with already-scheduled capacity expansion and environmental control programs. Large losses were experienced by the industry but 1995 reversed this trend as demand improved and prices rose dramatically. The last few years have been less volatile for the solid wood sector.

Overall profits in the wood and paper industries reached a record of \$6.2 billion in 1995 compared to \$2.6 billion in 1994 and total losses of about \$3.9 billion in the 1991 to 93 period. Difficult times returned to the industry in 1996 as profits plummeted to under \$1 billion, the result of substantially lower prices in the pulp and paper industry coupled with a 3.3% drop in shipments.

**Table 1**  
**Selected Statistics - Canadian Forest Industry**  
**1994**

| Sector                            | Shipments<br>(\$000,000)<br>1995 | Number<br>of Firms<br>1995 | Employment<br>(000)<br>1995 | Wages<br>(\$000,000)<br>1995 |
|-----------------------------------|----------------------------------|----------------------------|-----------------------------|------------------------------|
| logging                           | 11,718                           | 9,836                      | 91                          | 1,762                        |
| wood                              | 23,297                           | 2,872                      | 150                         | 4,291                        |
| paper and<br>allied<br>industries | 35,393                           | 686                        | 128                         | 5,065                        |
| <b>Total</b>                      | <b>71,368</b>                    | <b>13,194</b>              | <b>369</b>                  | <b>11,118</b>                |

Another measure of overall industry performance is return on assets. Over the 10 year time frame ending in 1996, the Canadian forest industry, with an average return on assets after tax of 3.0%, has under-performed against both the U.S. forest industry (with an average return of 4.3%) and Canada Savings Bonds (4.2%).<sup>4</sup>

The last five years have also seen considerable restructuring and consolidation of the industry through merger and acquisition activity, brought on in part by poor profit performance in the early 1990s and the need to achieve better product focus in the face of stiff international competition.<sup>5</sup> Last year 17% of the Canadian industry changed hands in mergers, acquisitions and divestitures as companies strove to become more competitive.

## **2.2 The Royal Commission On Aboriginal Peoples**

As impressive as many of the statistics above appear to be, they do not convey the importance that forests, and consequently the forest industry, have for many Aboriginal peoples, especially those communities in the mid-north as well as pockets of southern Canada. For these communities, the forest has always had a profound effect on their culture and way of life, providing everything from food, fuel and clothing to shelter, medicine and water transportation. More important than these individual elements is the worldview and indigenous knowledge that the forest and its resources provide for Aboriginal people. Some 80% of First Nation reserves are within forested areas and productive forests cover about 44% of reserve land areas.

<sup>4</sup> "The Forest Industry in Canada 1996", Price Waterhouse

<sup>5</sup> "WTO Trade Policy Review of Canada", a document supplied by the Canadian Forest Service



The Royal Commission on Aboriginal Peoples concluded that the forest industry shows great potential for increasing Aboriginal self-sufficiency. Nonetheless, it also noted the potential for current forestry practices to have harmful impacts on Aboriginal communities. For example, Aboriginal forestry ventures are often obliged to work under provincial forestry regimes, which allow activities - including clear cutting and extensive road construction - that emphasize timber production at the expense of hunting, fishing and trapping as well as holistic management practices. The Commission also noted the diminishing quantity of unallocated forest lands in most jurisdictions. In Ontario, for example, much of the Crown land is already tied up under long-term license.

The Commission makes a number of recommendations as interim steps to improve access to natural resources including access to Crown forests. The Commission is "... encouraged by the fact that the federal Department of Natural Resources has been actively promoting First Nations involvement in resource planning and research outside their reserve lands ..." <sup>6</sup> and goes on to cite model forest activities in Saskatchewan and Ontario. The specific Commission recommendations in this area calls for, among other things,

- provinces and territories to improve Aboriginal access to forest resources on Crown land;
- the federal government to promote Aboriginal involvement in provincial forest management and planning;
- provinces to encourage partnerships and joint ventures between large timber licensees and Aboriginal firms; and
- provinces to give Aboriginal people the right of first refusal on unallocated Crown timber close to reserves or Aboriginal communities.

More important than these interim measures, however, are the Commission's recommendations for a significant transfer of lands and resources resulting from the new treaty negotiations that would occur in all regions across Canada. These lands and resources would be of sufficient size and quality to foster Aboriginal economic self-reliance and cultural and political autonomy and would be calculated based on two criteria: developmental needs and partial compensation for past and present exploitation of a nation's traditional territory. The Commission estimated that \$1B per year would be needed in new funding for land claims by about year 10 of its proposed strategy and would be maintained as long as needed. (The \$1B figure does not include the cost of re-allocated Crown land.)

### **2.3 Recent trends affecting the forest industry's relationship with Aboriginal peoples**

---

<sup>6</sup> "Report Of The Royal Commission On Aboriginal Peoples", Vol. 2, Part 2, P. 641

In addition to the agenda for change proposed by the Commission, including the interim steps cited above, there are numerous other factors that are important to the context in which the forest industry relates to Aboriginal peoples. Some of the more significant of these factors are the following:

### **2.3.1 Claims and Self-Government negotiations**

Both comprehensive and specific claims negotiations and those dealing with self-government regimes are now common features across Canada. Indeed, there are some 80 negotiating tables involved in self-government across the country in which approximately 300 First Nations are participating. While progress has been slow in the past, these negotiations will result in Aboriginal groups becoming major players in resource management, both as land-owners and as partners in co-management arrangements. In addition, the financial settlements, which are a part of claims agreements, provide Aboriginal groups with the economic means to develop joint ventures and establish their own enterprises. (Since 1994, funds paid out by the federal government annually for claims settlement have been in the \$300M to \$400M range.) All of these factors are important in understanding the current set of relationships that exist within the forest industry.

### **2.3.2 Recent Court Decisions**

Within the last decade, the courts have rendered a number of important judgments, some at the level of the Supreme Court, judgments that have had and continue to have important ramifications for resource-based industries including the forest industry. One of the more critical was the Supreme Court decision in *R. v. Sparrow* in 1990. This decision requires that federal and provincial governments justify a proposed infringement (for example, through legislation, regulations or policy) of a constitutionally protected Aboriginal or treaty right. Depending on the circumstances, such justification will include the following elements (often referred to as the Sparrow test):

- a valid legislative objective such as conservation;
- minimum infringement on the right necessary to accomplish the objective;
- consideration of whether fair compensation has been paid in an expropriation of a right; and
- that, where an allocation of resources is at stake (like wildlife), the Aboriginal right takes priority over all other users after provision for conservation, at least where the resource is for food, social or ceremonial purposes.

Subsequent judgments have resulted in further refinements on what constitutes an Aboriginal right (*R. v. Pamajemon*); clarification of what other purposes, in addition to conservation, might justify an infringement of an Aboriginal right (*R. v. Gladstone*

and R. v. Adams); and clarification that certain regulatory practices like user fees do not constitute an infringement on an Aboriginal right (R.v.Cote).

More recent decisions continue the trend of important jurisprudence, which will have long-term impact on the relationship between the forest industry and Aboriginal peoples. For example, the recent judgment of a court in New Brunswick on the right of an Aboriginal person to harvest a valuable species of maple on Crown land, land that had been licensed to a forestry company (the Queen v. Thomas Peter Paul); and the Supreme Court decision in the Delgamuukw case.

### **2.3.3 Policy, Legislation, Standards and International Agreements**

Over the past ten years there have been a plethora of initiatives in the management of the natural environment to incorporate Aboriginal rights and values along with increased Aboriginal participation. Such initiatives are an important element to understanding the evolving relationship of Aboriginal people to the forest industry. A starting point for a brief overview of the range of agreements, policies and standards is in the international arena.

#### **The Rio Declaration, Forest Stewardship and the Bio-Diversity Convention**

Aboriginal peoples from many countries played a significant role in the United Nations Conference on the Environment and Development held in 1992 in Rio de Janeiro. One of the results of the Conference was the Rio Declaration, to which Canada was a signatory. Principle 22 of this declaration reads as follows:

“Indigenous people and their communities and other local communities have a vital role in environmental management and development because of their knowledge and traditional practices. States should recognize and duly support their identity, culture and interests and enable their effective participation in the achievement of sustainable development.”

One of the fall-outs of the Rio Conference was the founding in 1993 of the Forest Stewardship Council (FSC), a non-profit organization that has developed a certification regime for sustainable forest management. The basic concept is to provide a labeling system so that consumers can have confidence that the products they are purchasing are the result of appropriate forest management practices.

The basis to the Council's system is a statement of 10 principles, one of which speaks directly to Indigenous people:

“Principle #3: Indigenous Peoples' Rights

The legal and customary rights of indigenous peoples to own , use and manage their lands, territories, and resources shall be recognized and respected.”<sup>7</sup>

The Council elaborates on this statement by indicating that forest management “...shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples”; that “...sites of special cultural, ecological or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers”; and that “...indigenous peoples shall be compensated for the application of their traditional knowledge”.

According to officials in the Canadian Forest Service, the Council has strong support in Europe and throughout the NGO community. Some five organizations have been accredited as certifiers and they in turn have now certified over 50 million hectares throughout the world.

A Canadian “branch” of the FSC was established some two years ago and is in the process of developing specific standards for the various types of forests in Canada (e.g. boreal, Pacific , and Acadian).

In terms of the certification process, the Council notes:

“FSC and FSC-accredited certification organizations will not insist on perfection in satisfying the [Principles and Criteria for Forest Management]. However, major failures in any individual Principles will normally disqualify a candidate from certification, or will lead to de-certification.”

A third international initiative in which Canada has been a recent participant relates to bio-diversity. Based on concerns about the degradation of ecosystems and loss of species and genetic diversity that result from human activity, the federal government, with the support of the provinces and the territories, ratified the *United Nations Convention on Biological Diversity* in 1992. The Aboriginal profile during the annual meetings on the Convention has been high and will continue to be so, according to knowledgeable officials at Environment Canada.

The Convention contains only limited references to Aboriginal peoples and their communities. Article 8 of the Convention commits the parties to “...as far as possible and as appropriate... (j) subject to national legislation, respect, preserve and maintain knowledge, innovations, and practices of indigenous and local communities embodying traditional lifestyles relevant to the conservation and sustainable use of biodiversity and promote their wider application...”.

Article 10 of the Convention contains two additional, albeit more oblique, references. Article 10(c) directs signatories to “... protect and encourage customary

---

<sup>7</sup> “Forest Stewardship Council: Principles and Criteria for Forest Management”, Forest Stewardship Council, Oaxaca Mexico, February, 1996

use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable uses", while Article 10 (d) calls on parties to "...support local populations to develop and implement remedial action in degraded areas where biological diversity has been reduced".

Notwithstanding these limited and somewhat ambiguous references, some Aboriginal groups view the Convention, as well as other recent international instruments, such as Agenda 21 from the Rio Conference, as affirming their Aboriginal or treaty rights to control land and resources and their right to benefit from traditional knowledge. Further, they view these instruments as re-affirming, and indeed committing support for, their traditional, holistic approach to wildlife and habitat conservation.

By 1995 the federal and provincial governments had developed a Canadian Biodiversity Strategy to determine the measures needed to meet the obligations of the Convention. The product of extensive consultations that included Aboriginal organizations, the strategy points out the need to find mechanisms to implement Article 8 (j). The strategy also references the success of the Beverly-Qamanirjuaq Caribou Management Board in integrating specialized knowledge held by traditional resource users with the scientific knowledge of biologists (this Board was established as a co-management structure in 1982). A final chapter of the strategy outlines three strategic directions that Aboriginal communities can take to implement the Convention: promotion of traditional knowledge; protection of traditional knowledge through, for example, intellectual property rights; and finally cooperation with indigenous groups inside and outside Canada.

### **National initiatives**

In addition to these international agreements and initiatives, there have been three initiatives at the national level of some significance to the Aboriginal role in forestry.

The first of these is the Canadian Environmental Assessment Act (CEAA). The federal government's environmental assessment process as defined in CEAA provides a legal requirement on the part of federal agencies to consult Aboriginal people when undertaking a project, approving project funding or adopting a new policy, law or regulation. In particular, CEAA includes, among the factors that an assessment must take into account, the effects of the project on "...the current use of lands and resources for traditional purposes by Aboriginal persons...".

A second national initiative of some note was Canada's National Forest Strategy, which the federal and provincial governments along with some 30 non-governmental organizations, including the National Aboriginal Forestry Association, adopted in 1992. The Strategy, developed under the auspices of the Canadian Council of Forest Ministers (CCFM), deals specifically with Aboriginal issues in Strategic Direction Seven, of which two principles are as follows:

- i. self-sufficiency of Aboriginal communities through economic development requires increased access to resources and business development support as well as the preservation of traditional activities, and
- ii. Aboriginal people have an important and integral role in planning and managing forest resources within areas of traditional use.”

The Strategy went on to enlarge on the notion of business support outlined in i. above by referring to “...improved access to capital, technology transfer and infrastructure support.”

A significant commitment in the National Forest Strategy was to develop Canadian criteria and indicators of sustainable forest management. The result of this commitment was the publication<sup>8</sup> in 1995 of six criteria and indicators, which are intended, according to the CCFM, to

- provide a framework for describing and assessing progress;
- provide a reference point for policy development;
- contribute to product certification and other issues related to environment and trade; and
- improve the information available to the general public.

Criterion Six – Accepting Society’s Responsibility for Sustainable Development – has two sub-sections that deal specifically with Aboriginal peoples. Criterion 6.1 speaks to the importance of forest planning and management processes considering and meeting “...legal obligations with respect to duly established Aboriginal and treaty rights”, while criterion 6.2 calls for increased cooperation between Aboriginal communities and all forest stakeholders to achieve the goals of sustainable forest management.

The CCFM criteria appear to be having an important impact in several ways. The first discernible result has been an initiative at the national level to develop a ‘made in Canada’ standard for a sustainable forest management. Published by the Canadian Standards Association in 1996, the Sustainable Forest Management System lays out both the requirements that an owner or forest manager must meet to gain registration and the auditing procedures to be used by the registering organization. A subsection of the standard states in part:

“The Sustainable Forest Management System recognizes that Canadian forests have a special significance to Aboriginal peoples. It further recognizes that the legal status of Aboriginal peoples is unique and that

---

<sup>8</sup> See “Defining Sustainable Forest Management: A Canadian Approach to Criteria and Indicators”, Canadian Council of Forest Ministers, March 1995

they possess special knowledge and insights concerning sustainable forest management derived from their traditional practices and experience. Aboriginal forest users and communities thus require particular consideration in the public participation process.

Aboriginal peoples who have an interest in or who are affected by forest management in a Defined Forest Area shall be given an opportunity to contribute their special knowledge to the process of setting values, criteria, indicators and objectives. In some cases, this may require a separate process of consultation.”

Another section of the standard states that forest managers or owners must comply with all applicable legislation and other requirements that relate to ownership, tenures and rights that apply to the area in question. With regards to Aboriginal and treaty rights, the standard, echoing the CCFM criteria, has this to say: “Duly established Aboriginal and treaty rights must be identified and respected.”

A Canadian Standards Association Technical Committee continues to work at these questions of how to identify Aboriginal and treaty rights and how to give “particular consideration” to Aboriginal communities.

A second impact of the CCFM criteria for sustainable forest management has been in the area of policy and legislation. For example, the criteria have been adopted in new Quebec forestry legislation and New Brunswick appears poised to follow suit. Similarly, the suite of values underpinning the criteria will be incorporated in forest management plans that fall out of these new legislative initiatives, according to officials in the Canadian Forest Service.

### **2.3.4 Disputes over Land and Resources Resulting In Violence**

Another important backdrop has been a number of disputes that have erupted in violence in the form of occupations, roadblocks and, in some cases, armed confrontations. Several of these have had direct impacts on private sector firms in resource-related industries including forestry. A partial list of disputes that have occurred in the 1990s is the following:

- logging in Clayoquot Sound (early 1990s)
- the armed stand-off at Gustafsen Lake in British Columbia (1996);
- road blockades of the Apex ski resort in British Columbia (1995);
- Lubicon land claims dispute in Alberta (throughout the 1990s);
- occupation of the military base at Ipperwash in Ontario (1995);
- the dispute over logging in Temagami in Ontario (early 1990s)
- the Oka crisis in Quebec (1990); and

- various fishing disputes involving a number of First Nations in various parts of the Maritimes (throughout the 90s).

The debate over the overall impact of such disputes in furthering the cause of Aboriginal issues will no doubt continue. Nonetheless, from an industry perspective, they have given extra weight to arguments that involving Aboriginal peoples in resource decisions that affect their communities makes increasing sense from a long-term business standpoint.

The factors canvassed so far in this section relate to pressures calling for greater involvement of Aboriginal peoples in resource management across Canada. The final two factors relate to the supply side of the equation - their increasing capacity to participate in a variety of ways.

### **2.3.5 The rapid increase in the number of Aboriginal businesses**

Small and medium sized businesses (defined as enterprises with fewer than 50 employees) represent over 40 percent of all private sector employment in Canada.

Over the past 3 years, they have generated approximately 70 percent of all new jobs in this country.

With few exceptions, Aboriginal business is small or medium size business (88% have 5 employees or fewer<sup>9</sup>); consequently this sector has even greater importance to the Aboriginal economy than in Canada as a whole. The Royal Commission on Aboriginal Peoples notes that in 1990-91 over 25,000 Aboriginal people in Canada reported current business ownership<sup>10</sup> and/or income from self-employment. Another 12,700 reported prior business ownership.

The growth rate of Aboriginal business has roughly matched that of the non-Aboriginal business sector between 1981 and 1991. The Commission cited several factors underlying this growth in absolute and percentage terms of Aboriginal business: demographics (a young population); growth in the urban Aboriginal population; improved education levels; the impacts of government programming; and the signing of land claims.

Of the 20,000 Aboriginally-owned businesses in 1991, close to 17% were in the primary natural resource sector. (Other significant categories were construction (15%), retail and wholesale trade (19%) and business and personal services (25%).

The National Aboriginal Forestry Association estimates that there are somewhere in the order of 400 to 600 Aboriginally-owned firms active in the forest industry.

In a recent study of band-owned businesses, Indian and Northern Affairs Canada identified some 48 in the forest industry sector. Of these, the study captured sales

---

<sup>9</sup> Final report of the Royal Commission On Aboriginal Peoples, Vol. 2, Part 2, P. 883

<sup>10</sup> *Aboriginal Peoples and the Canadian Forest Industry*, International Business Strategy 1996-1997, states that there are "...over 20,000 Aboriginal-owned companies active in Canada."  
*Institute On Governance*



data for 18 firms, 11 of which had sales of over \$1 million. The largest had annual sales of \$28.4 million and employed 400 people.

In a study done for Aboriginal Business Canada, the Institute identified the following as important trends that could affect future government programming for Aboriginal business:

- **demographic and socio-economic factors** including: the significant growth in the Aboriginal population; the diverse skill sets and education backgrounds; a significant youth component; a growing off-reserve component; a continuing large rural and remote component; and, overall, a small asset base;
- **new challenges posed by the global economy**, challenges that exacerbate gaps in education and in wealth;
- **the Aboriginal business environment** with its comparative advantages (e.g. land costs, taxes) and disadvantages (e.g. legal hurdles that reduce access to capital); the need to lever the benefits from land claims settlements; and the difficulty of accessing certain programs and services in rural and remote areas;
- **access to markets:** the need for increased development of domestic markets coupled with some potential in the international arena; and some sectoral opportunities, both in traditional (e.g. resource and construction industries) and in the new economy (e.g. geomatics);
- **the continuing need for capital:** challenges posed by a shortage of seed capital, equity, debt financing collateral, developmental financing, and leveraging growing Aboriginal assets from, among other sources, claims settlements;
- **technology factors:** the need to close the gap in comparative use and development of technology between Aboriginal and non-Aboriginal firms and to improve access to the information highway in rural and remote areas; and
- **the continuing need for business skills** in the management of institutions and businesses and in entrepreneurial development, among other things.

Most, if not all of these factors, have direct relevance for the forest industry.

### 2.3.6 The rising education levels of Aboriginal peoples

Conditions have improved markedly over the last 20 years in terms of educational levels achieved by Aboriginal peoples. Nonetheless, achievement levels still lack far behind those achieved by the rest of the population. The following statistics<sup>11</sup> illustrate these points:

---

<sup>11</sup> "Report of the Royal Commission On Aboriginal Peoples", Vol. 3, P. 440.

- in 1991, 30.7% of Aboriginal people had some post-secondary training compared to 19.2% in 1981 (in 1991, the comparable figure for non-Aboriginal people was 43.4%);
- in 1991, 11% of the Aboriginal population had obtained high school graduation as their highest level of education versus 8.2% in 1981 (for the non-Aboriginal population, the figure for 1991 was 18.9%.

Two observations are called for in interpreting these statistics. The first is that the situation has very likely improved significantly since 1991 in that large numbers of Aboriginal people continue to pursue post-secondary education (for example, some 24,000 Aboriginal individuals had enrolled in post-secondary programs in 1994).

Countering this trend, however, is the fact that education achievement levels in urban areas tend to be higher than in rural or remote areas, areas where employment in the forestry industry is significant.

There appears to very little in the way of current, comprehensive data relating to participation of Aboriginal people in forestry-specific courses or programs at the post-secondary level. And the meager data that does exist is not encouraging. For example, data from Indian and Northern Affairs on its post secondary program revealed that, in 1990, only 182 or less than 1% of First Nation students under the program were enrolled in natural resource management, a category which no doubt encompasses areas unrelated to forestry. More recent data from the same source indicates by 1996 there were some 440 students (or approximately 2% of the total) were enrolled in a category of programs entitled "Natural Sciences and Primary Industries", a category that included, fishing and agricultural pursuits as well as forestry related activities.

In a report prepared for the Aboriginal Forestry Training and Employment Review in 1992, the authors noted that there were fewer than six registered professional foresters of Aboriginal ancestry. More encouraging was the finding that there were some 13 post-secondary institutions across Canada had "...targeted and tailored their natural resource management programs for Aboriginal students."<sup>12</sup> Prominent among these were two – Nicola Valley Institute of Technology in British Columbia and Sault College of Applied Arts and Technology in Ontario – which together accounted for the majority of the total enrolment of status Indians in forestry programs across Canada.

Employment statistics are also somewhat dated. The 1991 census reported that 10,100 Aboriginal people (or 2.2% of the Aboriginal working age population) were employed in the forestry and logging industry, representing 9.5% of total employment in the sector.<sup>13</sup> (The definition of forestry and logging does not appear

---

<sup>12</sup> "Aboriginal Forestry Training and Employment Review", Phase 1, September 30, 1992, P. 49.

<sup>13</sup> "Backgrounder: Economic Development", Department of Indian and Northern Affairs

to include the pulp and paper industry or forestry-related manufacturing operations, the two sub-sectors of the forestry industry accounting for the lion's share of employment – see Table 1).

Not surprisingly, the Committee of Aboriginal people, which had responsibility for steering the above noted review on Aboriginal forestry training and employment, concluded that:

“Our observations tell us that there is immense opportunity and demand for Aboriginal employees in most aspects of the forest sector. However, our ability to capitalize on these opportunities is severely limited by the lack of trained Aboriginal natural resource managers.”<sup>14</sup>

### **2.3.7 Conclusions**

One large, British Columbia-based forest company, relying on its assessment of the overall environment in which it was operating, came to these conclusions:

“Based on the research and discussions undertaken for this report, the following statements reflect thinking on the likely future with respect to Aboriginal communities:

- a. Aboriginal communities will expand their influence on the use of “public” land and resources through consultation processes in each province.
- b. Aboriginal communities will gain more direct control over natural resources on reserve land.
- c. There will be some cases, especially in British Columbia that will expand the territory over which Aboriginal communities have direct control.
- d. Some bands and tribal councils will have direct capital to invest as a result of treaty settlements.
- e. The Aboriginal population will be an increasing source of employees for [the company] as their numbers, skills and education advance.
- f. [The company] will come under increasing pressure from governments or communities to achieve diversity employment targets or quotas, especially with expansion projects.
- g. As long as the BC land questions remain unsettled, [the company] will risk potential barricades and the need for recourse through slow and cumbersome legal channels.”

These conclusions appear to be consistent with the evidence that the Institute has presented in this section of the report with several caveats. One is the growing importance of international pressure to achieve sustainable forest management practices and the resulting growth in certification and labeling regimes,

---

<sup>14</sup> Aboriginal Human Resource Development Needs in the Forest Sector”, AFTER Committee, Phase 2 – Final Report, December 1994, P. 11

which will heighten the importance of positive working relationships with Aboriginal communities. A second factor not canvassed in the above list of statements is the question of the capacity of Aboriginal communities and businesses to respond to the growing opportunities in the industry. This topic will be addressed further in the next sections of the report, which deals with the results of the interview program.

The starting point is with firms in the Atlantic Provinces.

### 3. THE ATLANTIC PROVINCES

#### 3.1 The Context

There are some interesting differences in the legislative frameworks in the Atlantic provinces, both among the provinces and compared to those in central and western Canada, differences which provide useful background to understanding the forestry industry and relations with Aboriginal people in the Atlantic provinces.

##### *Nova Scotia*

Nova Scotia does not have a Forest Practices Code per se. Forest practices are regulated through policy guidelines, standards, rules, contracts and agreements, and are subject to a number of Acts. These acts include: the *Forests Act*, the *Forest Enhancement Act*, the *Forest Practices Act 1986*, the *Crown Lands Act*, the *Provincial Parks Act*, the *Special Places Protection Act 1980*, *Canada Fisheries Act*, and the *Nova Scotia Water Act and Environmental Protection Act*. The *Stora Forest Industries Ltd. Agreement Act*, and the *Scott Maritimes Pulp Ltd. Agreement Act* provide for license and management agreements between the province and the companies, but are superseded by all other Acts.

At present, a comprehensive *Environment Act* is in draft. This act will incorporate approximately eight Acts under the Nova Scotia Department of Environment's jurisdiction, complete with new regulations.<sup>15</sup> Unlike most Canadian provinces the majority of forest land in Nova Scotia is privately owned (one company interviewed as part of this study owns some 1 million acres of its own land). Industries that manufacture wood into secondary forest products such as lumber, pulp and paper, depend on private lands as their primary source of wood supply. The Province has direct responsibility for the management of Crown lands and protecting wildlife and other forest resources, as well as supporting and promoting sustainable development of the forest resource on all lands.<sup>16</sup>

##### *Newfoundland and Labrador*

The Newfoundland Forest Service (in the Department of Forest Resources and Agrifoods) has developed a 20 Year Forestry Development Plan for 1996-2015 which provides some helpful background regarding land ownership, and the legislation which guides the forestry industry in that province. Some relevant statistics and points are cited below.

---

<sup>15</sup> cited in electronic version of *A Review of the Forest Practices Code of British Columbia and Fourteen other Jurisdictions – Background report*, Westland Resource Group, [http://www.far.gov.bc.ca/abcpub/abns/westland/4\\_1.htm#legal](http://www.far.gov.bc.ca/abcpub/abns/westland/4_1.htm#legal)

<sup>16</sup> *Toward Sustainable Forestry: A Position Paper*, Nova Scotia Department of Natural Resources, 1997?

In Newfoundland and Labrador, most of the province's forest industry is concentrated in insular Newfoundland where there is only one First Nation. The industry generates some \$61 million in sales (or three percent of GDP) and is the third largest employer in the goods producing sector, behind fishing and mining. Four percent of the total employed labour force in the province is employed in the forest sector, in the following activities: primary forestry and logging; pulp and paper manufacturing, lumber manufacturing, and converted wood products manufacturing. The pulp and paper industry generates almost 80% of the primary forest sector output, thus it is the most important forest sector industry, with logging, sawmilling, and converted wood products industries occupying a secondary role.

Of the 2.9 million hectares of productive forest in Newfoundland, the province's two pulp and paper companies control 58%. Ownership is maintained through a combination of freehold and license tenures. The Crown directly controls approximately 39%, while the remainder belongs to national parks, reserves, and small private holdings. Labrador contains approximately 5.5 million hectares of productive forest, owned and managed by the Crown. It is anticipated that the conclusion of the land claims negotiations currently underway will change the management status of Labrador lands.

### *New Brunswick*

New Brunswick's *Crown Lands and Forest Act* does not refer specifically to Aboriginal people or concerns, and there are no policies to guide the forest industry's relations with Aboriginal people. A recent judgement in a case (see 'Recent Court Decisions' in section 2.3.2) has raised a number of issues and concerns relating to Aboriginal land use rights, among many companies who currently operate on crown land in New Brunswick. Some legislative changes are currently on hold until the appeal process is completed.<sup>17</sup>

## **2.2 Results of the Interview Program**

Of the eight companies in the Atlantic region contacted by the Institute, six agreed to participate in the study, as did the New Brunswick Forest Products Association. Several have sales in the \$ 40 – 75 million range and employ between 200-700 employees. Some companies have operations in other parts of the country. The primary operations include pulp and paper, lumber, harvesting, silviculture, woodland operations, and sawmills.

### **2.2.1 Policy and Organization**

None of the companies interviewed has formal or proactive policies which address relations with Aboriginal communities or Aboriginal concerns; nor do most have a

---

<sup>17</sup> Personal communication from New Brunswick Ministry of Natural Resources official, Feb. 2, 1998.

particular responsibility center devoted to overseeing relations with Aboriginal peoples. One employee, in his role related to intergovernmental affairs, indicated that he deals at times with issues concerning Aboriginal peoples, such as employment or environmental issues.

Of note is one company that has 10% Aboriginal ownership, constituting 1 of 5 partners. In spite of partial ownership by First Nations, however, the company has no formal policy guiding relations with Aboriginal peoples, nor is there a particular staff position to deal with Aboriginal issues and relations. The company stressed that they specifically avoid any special treatment of Aboriginal peoples, but are working in their interest as they will receive dividends just as other partners do. Furthermore, one Aboriginal person representing the First Nations owners sits on the Board of Directors.

## **2.2.2 Employment and Training**

None of the companies interviewed formally tracks numbers of Aboriginal employees, nor did any company employ a proactive policy for hiring Aboriginal workers. Estimates of the percentage of Aboriginal employees ranged from 2-5% of total number of employees. One company indicated that they specifically chose not to bias the hiring process to favour Aboriginal people (or any other group of people), and set education and experience criteria which were the same for all who applied.

None of the companies interviewed offers pre-employment training for Aboriginal (or non-Aboriginal) employees, neither did they offer awareness training programs for non-Aboriginal employees. One company – a family-owned business – indicated that every employee “starts from the bottom and works his/her way up”.

During a recent hiring process, one company endeavoured with First Nations people in the area to implement a training program so that Aboriginal people interested in working with the company could acquire the necessary skills. In fact, the First Nations community initiated this process, by approaching the forest company and government for support. While the company agreed to provide technical information, and resources for training, sufficient funding was not available, and the program did not materialize.

Another company has only one Aboriginal employee (of a staff of approximately 400), who is actually on contract at the company’s effluent treatment plant. The interviewee noted that the company experiences very little turnover; as such, there is very little opportunity for new hiring. The company does have a “Diversity Program”, which is tied in with previous affirmative action plans but the program is only implemented when there are new employees. The interviewee noted that it

would be ideal to hand over the effluent facility to the local First Nation but the province has ordered the company to close the facility within 5 years.

### **2.2.3 Aboriginal Business**

None of the companies interviewed uses any special measures to attract Aboriginal business. Most of the companies have contracts with Aboriginal companies, especially in instances when they are working on Crown land. The company with partial Aboriginal ownership indicated that, by virtue of this part ownership, the possibility of getting a contract or entering into a supplier relationship with the company is better known in the community, so Aboriginal companies do not hesitate to apply or bid on contracts.

One interviewee stated that, despite having received a substantial claims settlement, a local First Nation has not sought out business opportunities with the company. There has not been much demand for the company's assistance in enhancing the capacity of Aboriginal businesses, and education attainment levels continue to be low. The company refers to these factors as indications of an apparent lack of interest and/or capacity on the part of the First Nation to be more involved in business initiatives with the company.

None of the companies tracks types of business lines in which Aboriginal contractors are engaged, although one company indicated that most of their contracting with Aboriginal companies is in the area of wood harvesting. One company which hired an Aboriginal contractor did assist the contractor by meeting with DIAND officials prior to hiring him, and facilitating negotiations with a financial institution when the contractor was setting up his business.

### **2.2.4 Relationships with Aboriginal Communities**

None of the companies interviewed has any special agreements, protocols or MOUs with Aboriginal groups; nonetheless, most indicated some involvement of a non-business nature with Aboriginal communities, such as collaboration on co-management of resources. In particular, one company has three advisory groups for their operations, which oversee issues relating to management, environmental concerns and the public at large. Although Aboriginal people have been invited to participate in the advisory groups, there are no Aboriginal people participating at this time.

One company sets aside tracks of woodlands for Aboriginal heritage, recreational hunting and fishing purposes. The company also contributes donations to local groups for cultural events, and considers the company to be "good stewards of the land and people" around them.



Another company has a donations committee, which has made some overtures to the local Aboriginal community, by making some donations to community initiatives - for a new recreation center, for example. The interviewee also noted that, more recently, there has been a movement among native communities in Nova Scotia to retake control of their own education. Just last year the local First Nation opened an elementary school and, although it appears to be working well, the school didn't have enough funding. Consequently, the company gave a small donation. In addition, the union-management contributions committee visited the school to learn more about the education program and to talk to the students about the importance of completing their education.

The company feels it is starting to reach out to learn more about Aboriginal people in the community: "We try to understand their needs. They don't ask us for very much, and we do look for opportunities to communicate with them; but we're not doing very much pro-actively." The company did note that it has made an effort to reach out to the indigenous black community of the province, by sponsoring a publication of the history of the black community in the area, and would be open to participating in such initiatives with Aboriginal people.

### **2.2.5 Conclusions**

One interviewee commented that it is difficult to be proactive in reaching out to Aboriginal people, when there appears to be little receptivity from their side. The interviewee acknowledged that establishing mutually beneficial relationships between companies and Aboriginal communities means "being creative, and realizing there are stumbling blocks". He pointed to the fact that since so many issues regarding Aboriginal rights are now raised in the courts, it makes one "hesitant to reach out because of the unknown". He felt that until court cases and land claims are settled, it will be more difficult to make much headway in undertaking proactive initiatives. In sum, improving relationships is not easy.

The reticence to be proactive is not unique to this company and helps explain the modest nature of the results achieved by the firms in the sample. Other factors that may also be important in determining the main features of the relationship in the Atlantic provinces are the following:

- \_ the lack of any province-wide land claims activity or negotiations;
- \_ the large percentage of forested land that is held by private interests;
- \_ the lack of a proactive, provincial legislation and policy;
- \_ the long established nature of the industry; and
- \_ the small size of First Nations, both in terms of population and land bases, coupled with their geographic location.

Further analysis is required to pin down whether these or other factors explain the apparent differences between the Atlantic and other regions in the Aboriginal-industry relationship.

## 4. QUEBEC

### 3.1 Context

#### *Policy and legislation*

The forest sector in Quebec provides direct employment for nearly 76,000 people and constitutes a major source of revenue and resources for Quebec's Aboriginal communities. For example, from 1990 to 1994, seven of Québec's eleven native nations carried out forest activities for an estimated value of \$29 million. The public forest provides Québec's native communities with total timber supplies of 250,000 m<sup>3</sup> under timber supply and forest management agreements.<sup>18</sup>

The industry operates within a specific legislative framework via the *Forest Act* adopted in 1986. Through public consultations, including with First Nations, a number of amendments have been introduced, including the following:

- \_ public information and consultation on the general and five-year management plans;
- \_ a major reduction in single-block harvesting areas;
- \_ the obligation to plan and monitor forest activities on much smaller territorial units which correspond better to the family trapping territories;
- \_ the introduction of a clause that enables certain sites to receive special treatment more suited to their own particular features (sacred sites, sensitive ecosystems, etc.).

In addition to the Act, a three-year forest resource development program (1995-1998) allows government representatives at the provincial, regional and local levels, together with the various economic partners, to practice new management approaches and to pave the way for partnerships. Some Aboriginal communities have taken advantage of this \$100 million program in its first year. The Ministry of Natural Resources notes, "Whether because of the program or thanks to the initiatives of the various stakeholders, examples of closer ties, communications networks and partnership agreements involving native people, the forest industry and government have multiplied in recent years".<sup>19</sup>

The Forest Protection Strategy, adopted in 1994 following public consultations with numerous groups including Aboriginal people, is aimed at ensuring forest renewal, protecting forest resources, harmonizing the multiple uses of the forests and eliminating the use of chemical pesticides by the year 2001.

### *Land Claims*

The James Bay and Northern Québec Agreement was signed in 1975 by the Government of Québec, the Government of Canada and the Cree and Inuit nations. The Agreement established three categories of lands. Category I are set aside for the exclusive use by native people. No forest operations are performed on these lands by individuals or companies, other than Agreement beneficiaries. Category II lands are public, but the native people have exclusive hunting, fishing and trapping rights, and forest management plans must take into consideration of the hunting, fishing and trapping activities. Most of the territory covered by the Agreement is composed of Category III lands that are lands in the public domain, open to all. As most Category III lands are divided into trapping territories, the native people to whom the Agreement applies are particularly concerned by forest operations in these areas.

The Agreement recommends a specific consultation process for forest management plans in the Cree territory. Management plans are supposed to be submitted to a committee for its consideration and analysis before receiving the Minister's approval. In addition to this consultation process for 25-year and five-year plans, a separate procedure requires forest companies to present the elements of their annual plans directly to the trappers and Cree communities affected.<sup>20</sup>

## **4.2 Results of the Interview Program**

Of the eight companies invited to participate in the interview program, five agreed to discuss their companies' policies and activities. Sales of these firms generally range from \$1-4 billion, although one company is considerably smaller with sales of over \$200 million. The number of employees range from 800 – 3 500 . The largest company employs over 13 000 people in three provinces. The principal business lines consist of pulp and paper, lumber, and forest products. Most companies had operations in both Quebec and Ontario, with a couple companies also having offices or subsidiaries in the USA, and one also having operations in Newfoundland.

### **3.1.1 Policy and Organization**

Of the companies interviewed, none has a written policy dealing with its relationships with Aboriginal people. One company does have a forestry policy containing 13 principles, one of which pertains to Aboriginal people stating:

*“[The company] shall strive to encourage relationships with local Native people with regard to forest management and wood fibre processing. This shall entail:*

- favouring relationships with local Aboriginal populations in the following activities:*
  - silviculture*
  - fibre supply*
  - wood fibre conversion*
  - forestry and logging-related training*

---

<sup>20</sup> Ministry of Natural Resources, *Forest Management and Native Communities in Québec* (<http://www.gouv.qc.ca/minorg/indexa.htm>)

- *preparing the Corporation's development plans taking into consideration the Native people's aspirations regarding the protection of the forest ecosystem."*

The company indicated that Aboriginal people are stakeholders in 95% of the private and Crown lands in which they operate. This reality motivated the inclusion of Aboriginal concerns in the forest policy. In addition to the policy, the forest products section of the company has particular responsibility for Aboriginal relations.

Another company is currently revising its forest policy, which focuses on similar principles as stated above, and will include a section on Aboriginal people especially in the statements regarding public consultation and participation. In this company, each division is autonomous regarding relations with Aboriginal communities.

For one company, a general policy states that personnel must consult with the local population when preparing plans for forestry activities. Although there is no policy to guide relations with Aboriginal people in particular, each division is responsible for maintaining good relations with all members of the community where it has operations, including hunting and fishing organizations, trappers, Aboriginal communities and others.

### **2.0.1 Employment and Training**

None of the companies interviewed tracks employment figures. On average, estimates of Aboriginal employees ranged from 2-5% of the workforce. None of the companies has initiated programs to attract Aboriginal employees to their firms. One company mentioned that they did not see the need for proactive approaches for hiring Aboriginal people, since the company has regular contact with local First Nations. Generally, Aboriginal employees tend to be employed in forest operations and silviculture. Some of the companies indicated that they also work with Aboriginal contractors.

Only one company interviewed provides pre-employment training for new Aboriginal employees, in saw mill and woods operations. Another company mentioned it provides general pre-employment training for all staff regarding regulations, security issues, corporate policies, etc. This company also provides cultural awareness training for non-Aboriginal employees regarding respect for traditional practices.

The company felt that such training facilitates the implementation of harmonization measures (measures undertaken by the company to harmonize the multiple uses of the forest). One company also claimed to facilitate the acquisition of training by placing employees in contact with relevant training resources when necessary; however, the employees are responsible for paying for their own training. Finally, another company mentioned that from time to time a workshop is held with

specialists to ensure that all permanent personnel are aware of Aboriginal values and needs.

One company noted that a lot of training would be needed with regard to deepening Aboriginal awareness amongst its employees. Nonetheless, because the company is new (only 3 years old), and because there are only a few Aboriginal employees in the company, there have not yet been many opportunities to engage in specific training related to Aboriginal concerns, or directed to Aboriginal employees. There are discussions for future projects.

### **2.0.2 Aboriginal Business**

While all of the companies interviewed engage in some contracts with Aboriginal businesses, none has special measures to encourage such contracting in particular. Two companies have joint venture projects with Aboriginal communities in northern Quebec, one of which was announced in August 1996 and constitutes a joint investment between a First Nation and the company of \$5.8 million. Both joint ventures involve the construction of sawmills, and provide prospects for community-based jobs. Another company is also working on the formation of a joint venture for a mill.

None of the companies engages in particular efforts to enhance the capacity of Aboriginal firms to attract business; however, one company remarked that its foresters work closely with Aboriginal contractors to ensure they conform to government standards. The interviewee indicated that “this has become a normal form of business”. In certain areas, one company gives the Aboriginal community first-contract opportunity, for selected silviculture works. A couple of companies are involved in discussions on specific projects to be partners with Aboriginal businesses.

In one case, a company owned by a First Nation has signed an agreement with a forest company, aimed at harmonizing forest, wildlife and recreational activities in a particular area. The agreement also provides for some economic spin-offs in terms of new jobs for the native people, mainly in silviculture work, and provides for a discussion and dialogue mechanism to find solutions to the difficulties raised by the activities of all the signatories to the agreement.

### **2.0.3 Relationships with Aboriginal Communities**

All of the companies have relationships with Aboriginal communities of a non-business nature; however, not all of them have formalized agreements with these communities. One company, which is involved in a joint venture, has signed a ‘forest harmonization agreement’ with First Nations regarding a particular area of land. The agreement relates to setting aside cutting areas, trap lines, protection of

specific areas for moose and other wildlife, for example. The agreement provides for the creation of a harmonization committee that will, among other things, ensure that forest management activities are adapted to traditional native activities while providing sustained yields of all the resources concerned (mainly forest and wildlife). The two parties will be jointly responsible for monitoring the effects of forest operations, and the community will obtain an increased participation in the forest activities. The agreement also provides for the protection of traditional sites and landscapes, as well as training for native forestry personnel<sup>21</sup>.

In one instance, a company indicated that it has agreements that relate to harmonization of activities, and noted that they were the first to sign agreements with one First Nation. The agreements relate to issues concerning research, resource management, and hiring of Aboriginal people. The company also participates in various forums that discuss best practices, and are partners with First Nations in a model forest. This company is also beginning to work out agreements with other First Nations regarding forest management and new cutting plans. Finally, the company is working to develop a specific course to be offered in a community college. The course will be geared to students interested in learning how to manage their own business so as to assist them in entering into the forestry industry.

Still another company has attempted to put protocols in place but has not currently signed any agreements. According to the interviewee, both parties agree on the need to focus on collaborative activities of a concrete, practical nature. The company participates in meetings with Aboriginal communities, and contributes to various social activities of Aboriginal communities. The company is also a member of the “Peuples des premières nations”, an association which holds annual colloquia on Aboriginal issues, in which the company participates.

One company related that they meet regularly with bands in the area (perhaps 4-5 times a year) to exchange information on forest practices, and discuss operational problems, issues related to resource management as well as environmental concerns. The company does not use any other specific measures to enhance relationships. Although they have brought up the possibility of entering into agreements with some communities, none is currently in place.

#### **2.0.4 Conclusions and Lessons Learned**

There were no broad conclusions or lessons learned that resonated across the board. A couple of the companies emphasized that building relationships with Aboriginal communities takes time. One company noted that Aboriginal people themselves have to be part of the process, and have to also initiate building business relationships.

---

<sup>21</sup> Ministry of Natural Resources, *Forest Management and Native Communities in Québec*  
*Aboriginal Peoples and the Canadian Forest Industry*

One company stated that they have had to learn a lot about the customs and way of life of Aboriginal communities, but felt that the company has succeeded in doing so and are used to operating with Aboriginal communities on the basis of their culture. They make an effort to minimize any negative impacts their operations may have on the community.

One interviewee noted that there is a political will on the part of the Quebec government to favour and encourage Aboriginal companies to participate in the industry. The provincial government has created incentives to ensure a continuous development of business relationships with Aboriginal communities. First Nations have responded with the creation of the First Peoples Business Organization. In addition, a new forum, "Forest-Cree Quebec," was initiated in October 1997 by the Minister responsible for natural resources and Aboriginal affairs to address socio-economic issues and forestry concerns between the forest industry and the Cree in Quebec, in an effort to find joint solutions. One interviewee saw this initiative as a positive step, and noted that forestry companies should make efforts to integrate their activities in dealing with Aboriginal communities.

Another interviewee stressed the importance of communicating and learning to understand each other. The company engages in regular meetings with Aboriginal people, and sees this dialogue as an important way to get feedback and build credibility. The interviewee admitted that the company has not created new jobs for Aboriginal workers, and indicated that perhaps the government does have a role to play in the area.

## **5. ONTARIO**

### **5.1 The Legal Context**

#### **The Crown Forest Sustainability Act**

An important legislative development in Ontario with regards to forestry has been the adoption of the Crown Forest Sustainability Act (CFSA) in 1994. This Act replaces the Crown Timber Act and is the first major change to forest management legislation in Ontario since 1978.

Based on the overall objective of ensuring the sustainability of Crown forests, the CFSA "...provides a vision of forest management that looks at the whole forest. The Act will move us beyond the approach of the past which was usually seen as one that viewed forests primarily as timber crops for industrial use."<sup>22</sup> Four key or

---

<sup>22</sup> "Forest Management in Ontario and the Crown Forest Sustainability Act", Ministry of Natural Resources, April 1995, P. 4



central concepts are at the heart of this new Act: 1) information and planning about the forest ecosystem; 2) responsible stewardship; 3) accountability; and 4) compliance.

To effect the information and planning concept, the Act requires forest management plans for all management units, plans which must be developed based on a new Forest Management Planning Manual. Among other recommendations, this manual calls for the Ontario Ministry of Natural Resources and representatives of willing First Nation communities in, or adjacent to, a management unit in conjunction with the plan author, to produce a Native Background Information Report. This report would summarize, for each First Nation community, the following:

- past resource use (including forestry, hunting, fishing, trapping and gathering);
- a native values map (to map, for example, traplines, heritage, cultural or religious sites, areas required for reserve lands etc.);
- a summary of forest-related problems and issues over the past five years; and
- a summary of the success or failure of negotiations aimed at achieving more equal participation by Aboriginal peoples in the benefits of forest management.

The Native Background Information Report, once completed, is then fed into the public consultation process, involving the participating native communities, among others. The plan, of which this report is a part, along with a work schedule are eventually submitted to the Minister, who may approve, modify or reject them.

Another noteworthy aspect of the Act is the establishment of mechanisms, in the form of trust funds, to ensure that there is dedicated funding for forest renewal. These funds provide new business opportunities for the private sector to undertake a variety of silviculture and stand management work, work that was previously the responsibility of the Ontario Ministry.

### **Term and Condition 77**

The shift in Ontario towards a comprehensive process of management planning has been developing for the last decade and was the focus of the Timber Environmental Assessment (EA) hearings. The decision of these hearings, released in April 1994, resulted in Timber EA Terms and Conditions. The manner in which the Ontario Government fashioned the CFSA was in part a response to these terms and conditions.

The Native Background Information Report called for in the Forest Management Planning Manual stems from Condition 19 of the Timber EA. In addition, Condition

77 states that District Managers of the Ontario Ministry of Natural Resources shall "...conduct negotiations at the local level with Aboriginal Peoples whose communities are situated in a management unit, in order to identify and implement ways of achieving more equal participation of Aboriginal peoples in the benefits provided through timber management planning."<sup>23</sup> Such negotiations would include such matters as providing job opportunities, supplying wood to sawmills, facilitating third-party license negotiations with existing licensees, and providing timber licenses to Aboriginal people where unalienated Crown timber exists close to reserves.

John Naysmith notes in his 1996 report that the measure calling for the granting of timber licenses to Aboriginal people "...continues to be problematic"<sup>24</sup>.

## **5.2 Results of the Interview Program**

The Institute contacted eight companies with operations in Ontario and all agreed to participate in the study as did the Ontario Forest Industries Association. The largest had annual sales of approximately \$5 billion with over 13,000 employees in three provinces. Several have sales in the range of \$1 billion to \$2 billion and employ as many as 4,000 employees. Others are smaller with fewer than 400 employees and one company had only 4 employees in Ontario. Most of the companies had operations in several provinces but the emphasis in the interviews was on their Ontario operations.

Of the eight firms, six had pulp and paper operations and six produced lumber products. One firm, the one with 4 employees, is in the start-up phase of new operations in Ontario.

---

<sup>23</sup> "Implementation Guidelines for Term and Condition #77 of the Timber Class Environmental Assessment", Ministry of Natural Resources, Jan. 19, 1996, P. 1

<sup>24</sup> *Aboriginal Peoples and the Canadian Forest Industry* (Ottawa: Ontario Forest Industry Program: Issues and Opportunities", December 1996), P. 6  
*Institute On Governance*

### 5.2.1 Policy and Organization

None of the eight firms has a comprehensive corporate policy that attempts to pull together its approach to dealing with Aboriginal communities and organizations. Having said this, the Institute judges the following points to be relevant to this aspect of the study:

- one company has a set of principles that guides its woodlands operations and is in the process of developing specific policies around these principles; another is beginning the process of drafting such a policy;
- another has a forestry policy containing 13 principles, one of which pertains to Aboriginal people. (This company was also part of the Quebec sample and the principle referencing Aboriginal peoples is quoted in section 4.2.1).
- the Ontario Forest Industries Association with 18 members, six of which participated in this survey, has developed a statement of guiding principles and code of forest activities; one of its guiding principles relates to Aboriginal values: "Aboriginal values are explicit components of the forest environment". In terms of its code of forest practices, its member companies will "...be a major factor in the resolution of aboriginal issues as they apply to forest management, and a proponent of cooperative ventures with aboriginal groups."
- one firm in the process of developing an oriented strand board mill and, with a recently granted sustainable forest license has put out an eight page paper, the primary purpose of which is to initiate discussions with First Nations in the area to provide economic and employment benefits. It contains a series of principles, including a commitment to "...sustaining the forest", making 'best efforts' to make new employment and business opportunities available, exploring opportunities for joint ventures, based on a business case analysis, and assisting First Nation businesses through advice and other means.

Five of the eight firms interviewed have identified an individual or individuals with overall corporate responsibility for relationships with Aboriginal peoples. These individuals are either the president of the company or have a direct reporting relationship to the president.

### 5.2.2 Employment and Training

Only one of the firms surveyed has formal pre-employment training programs for Aboriginal people. The most important of these is a joint venture with four First Nations costing some \$2 million, of which \$100K comes from the company, and is aimed at potential Aboriginal employees for a new pulp and paper mill. Over 100 trainees are involved in the program. This same company also has a pre-employment program aimed at forestry technicians with some ten Aboriginal individuals as participants. The company is responsible for 10% of the cost. A

second firm appears ready to contemplate such pre-employment training in the life and work skills area and for the job selection process.

As for employment, none of the firms has a preferential hiring policy although one has an 'unwritten policy' of hiring any qualified Aboriginal person who wishes to work for the company. Only one firm tracks the number of Aboriginal employees (as part of its being a federal government contractor). Nonetheless, several have good estimates of their Aboriginal employment picture. The firm with the most impressive record estimates that a quarter of its 4,000 strong work force is Aboriginal (this is the same firm with the unwritten policy referred to above). Another firm estimates that about 20% of its 1,000 strong work force in one operation is of Aboriginal origin, although the interviewee noted that his company "...has a long way to go in its other operations". A third, an operator of a pulp mill, ventured that 7% of its workforce is Aboriginal, a fourth for one of its northern Ontario operations has estimates of 16.5% of its mill labour force, 2.9% of its woodlands operations and 2.5% of its staff and supervisory group. Several of the firms have modest summer student hiring programs directed at Aboriginal people. One of these hires some 20 Aboriginal students each summer.

The company with the two pre-employment programs has attempted to turn the hiring process into a more 'level playing field' by having a two person hiring team, of whom one is Aboriginal.

Only one of the firms (the one with the highest ratio of Aboriginal employees) interviewed had developed any special training for its Aboriginal workforce and this has to do with more an approach – that is, emphasizing apprenticeship-type training on the job – as opposed to a classroom focus. Such an approach, according to the company, is more in keeping with Aboriginal oral traditions.

None of the firms has any formal Aboriginal awareness training for its staff. (Several interviewees found the concept of such training 'bizarre'.) The large majority of interviewees believed that such training was not necessary, given that they have direct contact with a number of Aboriginal communities. One firm is, however, working with a group of First Nations in designing sensitization sessions that the communities themselves would run for the company. The interviewee noted that 'sensitization' needs to flow both ways, i.e. First Nations need to know more about the business environment in which companies find themselves. In terms of learning from best practices, several interviewees stated that such learning goes on in their companies but on an informal basis. One interviewee noted that a significant part of his job is sensitizing other managers to Aboriginal concerns and issues.

### **5.2.3 Aboriginal Business**

Of the eight firms interviewed three had no or minimal contracts with Aboriginal businesses. Of those that do have such contracts, one estimated their value for his company at over \$10 million annually, in silviculture, harvesting and trucking. Another firm has 9 contracts in the harvesting area ranging from \$175K to over \$1M, one other contract in road maintenance at a value of \$300K and a final contract for tree planting valued at \$50K. A third firm estimated its annual contracts with Aboriginal firms at close to \$400K with new opportunities in the compliance monitoring area that could grow to \$150K. This same company is in the midst of negotiating a joint venture with an Aboriginal firm, the initial capitalization of which will be in excess of \$20M.

Another company is in the process of finalizing negotiations on a \$6 to \$8 million joint venture. The joint venture is based on a re-manufacturing plant to be located on reserve with an employment target of 40 to 60 individuals. (Financing for this plant will come, in part, from Aboriginal Business Canada). Construction is slated to begin in the spring of 1999. A third firm has stated publicly its willingness to consider joint ventures on a business case basis.

None of the companies surveyed has a formal program for building expertise and capacity among Aboriginal businesses but most appear, as one interviewee put it, "to bend over backwards" to ensure success of Aboriginal contractors, offering advice and assistance, where appropriate. From the perspective of one interviewee, the constraint vis-a-vis Aboriginal business is not a lack of capital - his company will go to some lengths to help Aboriginal firms secure the necessary funding. Rather, the scarce 'resource' as with most small business is managerial expertise. Several other interviewees noted their company's efforts to 'bend' their cash flow rules to advance Aboriginal businesses funding to deal with their working capital requirements. Still others have loaned equipment to Aboriginal firms and provided supporting letters to lending institutions.

#### **5.2.4 Relationships with Aboriginal Communities**

Of the eight firms canvassed, three have formal agreements with Aboriginal communities in Ontario. One of these involved a partnership in a model forest in Eastern Ontario. The second firm, the one with the high percentage of Aboriginal employees, had a variety of agreements with several First Nations dealing with such matters as forest management, employment and mill operations. A third firm has signed a 'letter of intent' with a number of communities in its operating area. (Among other things, this letter resulted in the joint hiring of a First Nations' liaison officer to act as a link between the company and the communities.) Negotiations are now taking place to turn this into a more comprehensive agreement to include such issues as training, employment, business development and land-use studies. A fourth firm is willing to consider entering into such agreements. And a fifth is in negotiations with two neighbouring First Nations as part of a process to gain management rights on Crown land.

Another firm does not have an ongoing, formal agreement with its neighbouring First Nation. Nevertheless, they have frequent contact (a strong personal relationship exists between the president and the chief) and the company has entered into a number of joint projects in the past – for example, the granting of an easement and the holding of an annual pow-wow on company-owned land etc.

Several interviewees pointed to other aspects of their relations with local First Nation communities. One firm, for example, provides a First Nation supplying lumber from its reserve with fair market value and, in addition, pays six dollars per cubic meter for reforestation purposes. (This amount appears to be similar to what the company would have paid into the provincial trust fund for forestry regeneration purposes, had the lumber come from Crown land.) Others noted their companies' participation in career fairs, providing funding support for a training institute for First Nation students, participation in coop student programs, and the provision of small scholarships for Aboriginal students entering forestry-related programs. Finally, there were a number of examples of First Nations influencing the ongoing forest management practices and plans of several companies.

### 5.3 Conclusions and Lessons learned

Interviewees were not unanimous on the importance of the new legislative framework that exists for forestry in Ontario. The majority judged the new initiatives to be important and certainly the Institute's interview program revealed a number of examples of what the new framework means in practice – specifically in the cases where the province has granted new rights under the Act. Several other interviewees were less certain of the laws' impact, either because they are already acting in accordance with the law (or exceeding it) or because there is discretion on the part of provincial officials in administering the law and it is not certain how they will exercise this discretion. One interviewee who was involved in the drafting of the new forestry act stated that there is nothing in the law that either helps or constrains his developing productive relationships with his Aboriginal neighbours.

In terms of what is motivating companies to develop co-operative relationships with Aboriginal groups and communities, interviewees were unanimous that all their activities are based on a sound business case, that is, it just makes good business sense to have productive 'win-win' relationships with Aboriginal communities.

When asked about lessons learned, interviewees had these comments:

- relationships should be with individual communities, reciprocal in nature, and on a long-term basis;
- relationships can be made overly complicated by involving lawyers and consultants; their roles should be carefully circumscribed;
- communities are all different so that there is no one formula for developing successful relationships;
- some of the concerns that are of highest priority for Aboriginal communities can be accommodated by companies at very little cost - e.g. providing a site for a pow-wow, the preservation of a fishing area etc.;
- ignorance on both sides of the relationship is the biggest barrier for moving forward; and
- lack of capacity of Aboriginal communities to make the most of current opportunities is a major problem, and one where governments have a significant role to play.

Finally, interviewees had few suggestions for changes to government policies or programs. One sensed a strong reluctance for government to 'be at the table' to deal with Aboriginal concerns. Another stated that the most significant barrier to economic development for some Aboriginal communities is the lack of an all weather road link, without which an Aboriginal company will have difficulty growing to any size. A third mentioned the constraints to economic development posed by the Indian Act.

## 6 THE PRAIRIE PROVINCES

### 5.1 Context

#### Forestry legislation and policy

Manitoba, Saskatchewan and Alberta differ in their approaches to forest management and legislation.

#### *Manitoba*

Manitoba does not administer forestry legislation per se. Rather, it has developed over 40 policies for sustainable forest management, which include requirements for forest harvesting and resource management. First Nations are usually involved in hearings conducted by the Clean Environment Commission (an independent body appointed by the Government to provide advice and recommendations on environmental issues and licensing matters), and some of the licenses contain clauses related to them. The commission has indicated that it has observed "uncertainty and frustration on the part of the First Nations people respecting the progress and resolution of a number of their concerns, including land claims and the desire for participation in resource management decisions."<sup>25</sup>

#### *Saskatchewan*

The *Forest Resources Management Act* in Saskatchewan, and its regulations will take effect on April 1, 1998. The legislation is based on a view that sustainable forest management requires that decisions be made as a result of informed, inclusive, open and fair consultation with people who are directly affected by or who have an interest in forest management decisions:

Consultation has to occur at all stages of the management process. Aboriginal forest users require particular consideration because of the special significance of forests to their communities and culture and because of their unique legal status. *The Interpretation Act*, which applies to the interpretation of all provincial laws, has been changed to reflect and affirm that no provincial law can take away from the treaty rights of First Nations people as protected by the Canadian Constitution. FRMA protects peoples right to gather foods and medicines for themselves and their family and requires that aboriginal people be consulted in the development of forest management plans.<sup>26</sup>

---

<sup>25</sup> Clean Environment Commission "Report on Public Hearings" March, 1996.

<sup>26</sup> *Implementing The Forest Resources Management Act - Turning the Commitment into Action A Summary of Proposals For Developing Regulations: A Document for Public Discussion Prepared by Aboriginal Peoples and the Canadian Forest Industry* Forest Ecosystems Branch - September, 1997.



In addition to introducing new legislation, the Province of Saskatchewan has developed comprehensive policy to guide relationships with Aboriginal peoples. For example, the Saskatchewan Environment and Resource Management Department (SERM), with a broad mandate to "...manage, enhance and protect Saskatchewan's natural and environmental resources..." has published an "Aboriginal Affairs Policy Framework: A tool For Decision-Making". Among the principles in this policy document are the following:

- \_ Recognition of and respect for the legally defined rights of Aboriginal people;
- \_ Respect for Aboriginal tradition, knowledge, culture and values both in the workplace and in the field;
- \_ Involvement of Aboriginal peoples in department policy, program, planning and environmental assessment initiatives when possible; and
- \_ Maximizing capacity, self-reliance and self-determination of Aboriginal peoples when possible.

Based on these policy principles, the SERM policy framework lays out specific policy directions. One of these is a commitment to encourage and facilitate "...Aboriginal participation in renewable resource-based businesses."

### *Alberta*

In Alberta, the Forest Act does not include specific reference to Aboriginal people; however, companies are required to conduct environmental assessments. One company interviewed indicated that they are the first to be required to do so, and must involve First Nations in the assessment (under Natural Resources Conservation Board); the company is currently completing the impact assessments and will have to submit its results in 1998.

### **Land Claims**

In September 1992, the Province of Saskatchewan, the federal government and 26 First Nations signed the Treaty Land Entitlement (TLE) Framework Agreement. Under this agreement, the First Nations will receive approximately \$448 million over 12 years to be able to purchase, on a "willing buyer-willing seller" principle, up to 1.7 million acres of land to attain reserve status. Some of this land will be drawn from Crown resource lands.

Similar TLE type agreements have been reached in Alberta and Manitoba albeit on case by case basis as opposed to a province-wide agreement as in Saskatchewan. For example, in Alberta, agreements have been reached with eight First Nations

involving a transfer of over 100,000 acres of land and cash settlements totaling close to \$100 million. Other TLE agreements involving these two provinces will likely be reached within the next few years.

Another important land claim and self-government agreement in Alberta has involved the Metis. In 1990, the government proclaimed legislation establishing the only Metis land base in Canada, a land base totaling 1.25 million acres of Settlement lands. In addition, the legislation provided for the development of local government structures and systems, provincial financial commitments and co-management of subsurface resources.

## **6.2 Results of the Interview Program**

Of the eight companies approached to participate in the study, five agreed to be interviewed, as did one association. The companies' sales ranged from \$140 million – \$1 billion, and they employ between 475 – 800 full-time employees in addition to 200-600 contract employees. Their operations are generally in pulp and paper, sawmills, and lumber.

### **5.1.1 Policy and Organization**

The nature of official approaches to guiding relations with Aboriginal peoples tended to vary more among companies in the Prairies, than in other regions. A couple of companies operate under specific policies, others are looking into developing a formal policy, while others have chosen to not develop a specific corporate policy. Generally, managers in woodlands or human resources divisions held particular responsibility for Aboriginal relations or dealing with Aboriginal concerns in the course of their business.

Only one company interviewed from the Prairies region indicated that they have a forest management policy that provides direction regarding relations with Aboriginal peoples. The company is undergoing a transition process and corporate policies are being revised. The original forest management policy notes the importance of respecting various values of the community, and of consulting and meeting with other users of the forests including First Nations. The company's licence stipulates that continued consultation with First Nations communities is required. The company must also ensure that First Nations communities within the license area are "fully appraised in advance of all harvesting activities, including road building and decommissioning plans which may impact their communities; and shall ensure that appropriate maps and related planning documents are made available to First Nations community leaders on an ongoing basis."

Similarly, another company has a policy on community relations which provides direction to their operations on how to involve communities in their business. The

policy was first developed in 1992, then revised in 1996. As there are some 14 First Nations communities in the area, the "Stakeholder Relations" policy is directly relevant to guiding relations with these communities. In addition to the Woodlands manager, others who are involved in operational issues deal with Aboriginal concerns and relations.

Another company which does not have a formal policy indicated that they are committed to doing so, and that they have looked at others as examples. The woodlands division is responsible for relations with Aboriginal people, and this division has identified the importance of working with Aboriginal peoples as one of its goals. In addition, a local First Nation has a seat on the company's board, and a share purchase program is available to First Nations which have purchased some 2% of the company's shares.

The association interviewed does not have any policies to guide relations with Aboriginal people, nor does it provide guidelines to its members in this regard. The interviewee indicated that some of its members are companies which are partly owned by First Nations.

### **5.1.2 Employment and Training**

Results of a survey undertaken by one company indicated that over 30% of its employees are Aboriginal people, and another 10% are married to an Aboriginal person. In 1994, when the company became 70% employee-owned, an association of First Nations purchased 1% of the shares, although they opted not to associate with the company officially as a First Nations pulp and paper company.

The company has signed a number of partnership agreements with First Nations, of which some aspects relate to training and agreements to work together. There is no pre-employment training, nor does the company offer sensitivity training for non-Aboriginal employees. The company has established a liaison officer in one First Nation, who is informed of all employment opportunities. The company also has a Labour Market Program aimed at providing learning opportunities to students enrolled in subsidized training programs.

In another company, hiring for company operations is directed to reflect the demographic composition of the community where the mill is located. Given that First Nations comprise a significant portion of the local population, the ratio of Aboriginal employees is higher than other companies. While the company has not been in a significant hiring mode in the last 5 years since the policy was implemented, they anticipate increasing employment by 35% and expect the percentage of Aboriginal employees to reach 35-40% of their workforce. Currently the total rests at 20-25%; however, in the woodlands operations about 50-60% of employees are Aboriginal people.

This company's hiring policy has set grade 12 as the academic standard. In spite of 'some flack' from some Aboriginal people over raising the requirements to this level, the company has consulted with local education leaders and local First Nations leaders. Representatives of the company have also gone into schools with the local Chief to explain to students their hiring needs and requirements, and to encourage students to pursue their studies. They emphasize the necessary prerequisites of science and math. The goal of the company is to hire people who have the potential to move up in the company ranks.

One company indicated that preference is given to Aboriginal people for some operational work. For example, contracts may be awarded to a community if the company is working near the community. Overall, 15% of their employees are Aboriginal people. While there are some Aboriginal employees at the superintendent level, there are none in senior management. The company offers on-the-job training to all of its employees, and most of its woodlands people have participated in cultural awareness programs once or twice every three or four years.

Another company stated that it does not set hiring quotas. About 15% of their contractors in the forestry side are Aboriginal. The company trains all new employees, as most people do not usually have previous skills in this area. There is no sensitivity training for non-Aboriginal employees, although they do ensure that their workers can identify historical and traditional sites. The company officials also consult with Aboriginal groups in their planning process to ensure that the harvest blocks are not interfering with these sites.

The association interviewed does not track hiring or training practices of its members, although it is aware of some contracting agreements. One of its members works with a First Nations contractor, the largest in the province. Interestingly, an Aboriginal group in Guatemala has also approached this First Nations company to engage in a joint venture.

### **5.1.3 Aboriginal Business**

There appears to be substantial activity in contracting and engaging in joint ventures with Aboriginal companies in the Prairies.

One company is currently negotiating a joint venture partnership agreement for a sawmill operation. This company indicated that one third of its wood, and one third of the hauling are undertaken by Aboriginal companies. All tree planting is awarded to local Aboriginal contractors on a non-tendered, non-negotiated basis, at a contract value of \$250 000. The interviewee claimed that "one of the contractors was the best contractor we've ever had". Aboriginal contractors supply thirty percent of the company's contract volume.

An interesting initiative of this company is an economic development fund, which is available to a local First Nation community in an effort to promote Aboriginal entrepreneurs. The company is prepared to allocate some \$150 000 per year towards Aboriginal entrepreneurial projects. The intention is to have matching funding from federal and/or provincial governments. The funds are to be repaid over time with interest. If an initiative is successful, repayment is required. On the other hand if, following a feasibility study, an initiative does not go through then the loan is not repaid. This program is unique among the companies surveyed in this study although, according to the company, it is still experiencing some growing pains.

The company also supports a number of training initiatives geared towards enhancing the capacity of Aboriginal firms. For example, the company provided \$4000 to two First Nations for training. The First Nations were then able to access additional funding to supplement the funds provided by this company. The company has also provided \$40 000 to train Aboriginal people in cutting, in the last two years. They also established a 'cut and skid' program 4 years ago, and of the 12 people trained, 7 were Aboriginal people. Finally, over the last 3-4 years, the company has conducted two road construction training programs for First Nations.

Another company has engaged in some joint venture contracts worth about \$5-6 million. The contracts are in the areas of road building, silviculture and harvesting. The interviewee noted that Aboriginal contractors generate some 30% of the company's wood supply. Most contracts are awarded directly to a contractor. The interviewee felt that there are problems associated with direct awarding in that, over time, the majority of Aboriginal companies employ non-Aboriginal people due in part to the fact that they encounter difficulties in having a consistent labour force. This factor increases the need for training and inhibits the contractor from offering a competitive price (the interviewee noted that the company currently has about 3 contracts faced with such challenges).

The company also encourages its partners to work directly with First Nations communities, and engages in activities to enhance the capacity of Aboriginal entrepreneurs, such as assisting with business plans and start-up planning. The company also supports an apprenticeship program to involve grade 10 students in their facility. The three-year program is targeted specifically to a near-by Aboriginal community.

One company indicated that it does not put out a lot of work to tender, but operationally they are involved with a number of Aboriginal contractors. In the woodlands area, 5 of the 6 largest contractors the company works with are Aboriginally owned, and they provide some 50% of the fibre the company uses. In addition, the largest single contractor the company has employed in almost 30

years is an Aboriginal company. Their logging contracts run in the millions, annually. To a lesser extent, the company has also contracted Aboriginal people in the areas of tree planting and road construction.

The interviewee said that there are no formal measures to attract Aboriginal business. Rather, he found that normally First Nations or Aboriginal entrepreneurs approach them, and the discussions sometimes result in a contract. The company also offers technical advice in operations, training, and assistance with business plans; issues multi-year contracts which enable the contractors to obtain commercial financing; and works with financial agencies to put together financial packages.

Yet another company indicated that it has no special measures to encourage Aboriginal business, and that they have never partially financed any group, be they Aboriginal or non-Aboriginal. The interviewee noted that a job or contract will enhance contractors' ability to access other funding, and that the company does use Aboriginal contractors usually because they operate close to reserves. Aboriginal contractors work primarily on harvesting, and some trucking. In BC the company has worked with one or two bands on silviculture, and some tree-planting as well.

In an effort to enhance the capacity of contractors to generate business, the company has had discussions with some of the banks, and occasionally receives calls from Aboriginal or non-Aboriginal contractors requesting the company to speak to banks on their behalf. More specifically, the company assisted one First Nation over the course of a year, by working through the development of a business plan for forestry operations, and meeting with banks, the First Nation and INAC officials.

#### **5.1.4 Relationships with Aboriginal Communities**

Based on our sample, forestry companies in the Prairies appear to use formal agreements with Aboriginal to a significant extent.

One company has two agreements with First Nations, instigated by the company in an effort to address operational concerns raised by the First Nations. The company has also made presentations at local schools and participates in cooperative education programs. The company offers three scholarships annually valued at \$4000 to First Nations students pursuing university education in any field that may lead to employment at the company (ie. forester, accountant, engineer, etc.) Successful applicants are also guaranteed career related student employment. Although in place for two years, thus far no applicants have been received. In another initiative aimed at Aboriginal youth, the company participates in a new program initiated by the Premier of Manitoba, called "Partners for

Careers". The program is designed to help young, unemployed Aboriginal youth secure entry level employment.

In addition to these initiatives, the company has a model forest. First Nations people sat on the model forest board at the time of the original submission (some Metis people are on the board currently) although they have declined to participate into the second term. The company also participated and presented a paper in the Aboriginal Entrepreneurship and Forestry conference, which is currently in its second year. Furthermore, the company has established an "environmental hot line" with a local First Nation to provide immediate notification of any incident which may affect local residents.

Another company has entered into a cooperative management agreement with a consortium of two First Nations that are getting involved in working together in forest management planning. The agreement sets long-term objectives, and a technical planning committee meets monthly regarding employment, management and business opportunities. The company also engages in ad hoc consultations as needed. The agreements were initiated so that each party would continue to have access to wood.

In addition to the formal agreement, the company also participates in a "future leaders" program with First Nations, in an effort to develop relationships between the Human Resources department and the local youth. If the First Nations can find a corporate sponsor, 1/3 of the funding comes from industry, 1/3 from government, and the final 1/3 comes from their own funds. The company supported two youth through this program. The company also participated in the Aboriginal Business Seminar, and is working on 'cultural inventories' with a national centre surveying sustainable forests.

Another company has no formal agreements. In addition to commercial contracts, the company runs frequent public consultations meetings regarding their operations and has a regular consultation process annually focusing on their business plan.

Some 300-400 people from the local community are invited, and there has been some participation from First Nations in these sessions. The company also has advisory committees which have Aboriginal representation on them. Every First Nations in the area has been invited to participate. Because they operate on Crown tenure, there are numerous agreements already in place between the government and First Nations regarding specific issues such as flooding, hydro, and species-specific co-management, for example. The company indicated that it relates to the First Nations through provincial channels.

The company also participates in career days, and has a professional technical training program in place since 1989. The program provides an opportunity for people from the company's license area to be trained in various fields, such as

engineers, foresters, and technologists. Candidates must meet educational requirements of the institution where training is offered, and must be from license area. Each year, the company identifies its occupational needs, makes the needs known to the community, and receives applications. Students who are selected receive tuition, books, and summer employment from the company. Thus far, seven graduates are employed with the company, of which one is an Aboriginal person trained as a forest technologist, and an Aboriginal woman is currently in an engineering program. To date, the company has employed everyone who has participated in this program.

In spite of this opportunity, the company has found a limited number of Aboriginal applicants. The interviewee reflected that this is largely because of the lack of a science background in their studies, noting that there seems to be an emphasis in Aboriginal communities to study social sciences.

Another company in the region is currently in the process of working through an agreement with a First Nations group in BC to cover co-management of timber resources. The company would like to construct a saw mill, but is unable to do so as a number of First Nations are negotiating treaties. The company has assisted in some field training for groups in BC that are participating in the forestry technician program for Aboriginal people (see BC section). In addition, some of their Aboriginal staff members have attended the training programs. The company has also been involved in the National Forest Strategy meetings since 1992.

The association interviewed noted that the Saskatchewan government has established as a priority increasing the involvement of Aboriginal people in the forest industry, especially regarding ownership of forest resources. The interviewee also noted that there is legislation which requires consultation with Aboriginal communities when preparing plans.

## **5.2 Conclusions and Lessons Learned**

In general, companies' reflections about lessons learned centred on three key areas:

- \_ the time factor
- \_ the relationship-building process
- \_ a focus on business.

Interviewees agreed that building relationships and partnerships with Aboriginal people in the forestry sector takes time. People spoke of the need to speak openly and honestly, and to spend time developing a relationship before entering into agreements, employment and business activities. A number of people also commented on the need to "remove politics" in order to get on with a business



relationship. One interviewee reflected that his own experience has shown that “to be successful in business one has to deal with individuals”, rather than only with a group as a whole; he stated that this approach “takes the politics out of it”, and felt that Chiefs are also realizing this is the best way.

Another interviewee advocated a less adversarial approach by some First Nations leaders. The interviewee reflected that there are many opportunities for business, but with so much emphasis being placed on control and ownership, sometimes these opportunities are overlooked. The interviewee commented that control of the land is of course an appropriate objective, but felt that these complex political issues can get in the way of more immediate business and economic opportunities.

The importance of consultation and communication was also reiterated by a number of informants. One person felt that it is better to approach the First Nations first rather than wait for them to approach the company. This person has found the First Nations people with whom the company collaborates to be quite willing to share information, and in fact said “they’ve been surprised and pleased that we have taken the time to learn about them and work with them”. Not consulting with them is not an option – “they do have a different culture, they do have legal rights,” he said. Interestingly, this company is the only one in the area that has not faced a blockade.

A number of people emphasized the need to treat people with respect, to negotiate rather than litigate. “Litigation pits one group against another, and is not designed for a peaceful resolution,” reflected one person, “[Land rights] is a government-to-government issue – we need to recognize that and stay out of it, although we can be a party to discussions.”

Others commented on the amount of up-front money, effort, time and training required, indicating that these factors were greater when working with Aboriginal contractors than in the normal course of business. For example, often costs are incurred before even commencing a project. Companies have devoted large amounts of staff time and resources to develop a relationship even before a business opportunity occurs.

Some highlighted the importance of getting involved in educational aspects, such as through scholarships and participation in career days. One person noted that it is important to speak to young students, and inform them of the academic qualifications they need to enter the industry so that they are aware of the requirements and demands from early on.

There seems to be a weakness in the scope of business support available to Aboriginal businesses (ie. support in developing businesses, and keeping them running). Some people reflected that there is a need for programs to help entrepreneurs on the front-end of these businesses, such as assistance with business development planning, acquisition of financing, financial management and

training. Most saw that a role of the public sector is to provide the funding, while the role of the private sector is in a better position to offer technical input and support, and to provide the opportunity to engage in business. One person commented that Métis have an even harder time accessing funds as they do not qualify for funds targeted to First Nations.

Another interviewee reflected that business models may differ in an Aboriginal context, in terms of ownership, control, and management issues. In some cases, Aboriginal companies have found that a collective ownership model hasn't worked, or hasn't been implemented successfully. Support in exploring other models would be useful assistance.

## **4 BRITISH COLUMBIA**

### **1 Context**

#### **Provincial Legislation and Policy**

In May 1994, the Province of British Columbia introduced legislation for the adoption of a new *Forest Practices Code* (FPC). It was made into law during 1995 in the form of the *Forest Practices Code of British Columbia Act*. The FPC consolidates a wide array of existing legislation, regulations and guidelines, and provides a uniform set of rules with the stated objective of securing the long-term sustainability of the forest resource. The central principle guiding the establishment of B.C.'s *Forest Practices Code* is the sustainable use of the forests we hold in trust for future generations<sup>27</sup>. The stated intent and objectives of the B.C. FPC are to:

- manage forests to meet present needs without compromising the needs of future generations;
- provide stewardship of forests based on an ethic of respect for the land;
- balance productive, spiritual, ecological, and recreational values of forests to meet the economic and cultural needs of peoples and communities, including First Nations;
- conserve biological diversity, soil, water, fish, wildlife, scenic diversity, and other forest resources; and
- restore damaged ecologies.<sup>28</sup>

---

<sup>27</sup> *Forest Practices Code Summary*, 1994.

*Aboriginal Peoples and the Canadian Forest Industry*

<sup>28</sup> *Forest Practices Code Act*, 1994.

Developed over a number of years, the new *Forest Practices Code* benefits from continual review and recommendations by the public, interested parties such as industry, environmental groups and First Nations, and government technical, policy and field staff.

Recommended best management practices and procedures on a provincial and regional basis are provided by separate guidebooks. The Code introduces a number of new forest planning approaches and redefines others, and requires that “the public and First Nations have been consulted” in strategic and operational planning, resource management, and management of landscape units and sensitive areas.<sup>29</sup>

Under the *Jobs and Timber Accord*, the forest industry and government agree to work co-operatively, towards “increasing the number of direct and indirect jobs created by British Columbia’s forest sector by 37,800 by the year 2001”. This accord states that the Government “will design and pilot at least three community forest tenures, where annual allowable cut (AAC) of more than 10,000m<sup>3</sup> is available, to allow resource communities and First Nations (including through joint ventures) to participate directly in managing the forest to create sustainable employment”. A Community Forests Advisory Committee, made up of representatives from communities, First Nations, academia, industry and environmental groups, will oversee the implementation of this initiative.<sup>30</sup>

### ***BC Treaty Process***

In 1990, the British Columbia government declared it would proceed quickly to negotiate and settle aboriginal land claims. With the announcement of a new land claims policy, the provincial government agreed to engage the federal government and BC Aboriginal people in negotiating modern treaties. There are presently 42 First Nations entities in the British Columbia Treaty Consultation Process, representing about two-thirds of the 197 First Nations in B.C.<sup>31</sup> Meanwhile, as noted by a BC forest association:

the forest industry is committed to pursuing business ventures with BC Aboriginal peoples and promoting economic development to benefit natives

---

<sup>29</sup> *Forest Practices Code Higher Level Plans: Policy and Procedures*, June 1996.

<sup>30</sup> Cited in Forest Jobs for BC <http://www.for.gov.bc.ca/pab/jobs/index.htm>. This initiative has been having difficulty since it was announced – interest has been decreasing, and the reality of meeting the target of 37,800 jobs is being questioned. The Accord’s initiative regarding community forest tenures is being accepted positively by the public, including First Nations, especially in rural forest industry dependent communities. First Nations are actively involved in this process. (Personal communication from official at NRCan Canadian Forest Service, February 1998.)

<sup>31</sup> The recent decision in *Dkigamuukw* of the Supreme Court of Canada is having an impact on treaty negotiations. Although it is too early to tell exactly what the long-term impact of the case will be, it will be important. (Personal communication from official at CFS, February 1998).

and non-natives.<sup>32</sup>

---

<sup>32</sup> ~~A Proposal Aboriginal Forest Strategy for the BC Forest Industry~~ - A Project of the Council of Forest Industries Committee on Aboriginal Affairs, Interim Report / Discussion document, March 1994.  
*Institute On Governance*

The Nisga'a agreement in principle, signed in February 1996, gives an early indication of the likely impact of the BC treaty process on the forest industry in the province. Some highlights<sup>33</sup> of this agreement with regard to forestry include:

- the transfer of 1,930 square kilometers to become Nisga'a lands;
- ownership by the Nisga'a Government of all forest resources on Nisga'a lands;
- authority of the Nisga'a Central Government to establish rules and standards to govern forest practices which will meet or exceed provincial standards;
- authority to collect fees, rents royalties etc.; and
- agreement in principle on the part of the province to an acquisition by the Nisga'a Central Government of a forest tenure or tenures outside of Nisga'a lands, having an annual allowable cut of up to 150,000 cu. meters.

In March 1995, the Ministry of Forests' Protection of Aboriginal Rights Policy came into effect. This policy provides guidance and direction to regional and district staff working with First Nations when forest management activities are proposed in areas where Aboriginal rights may exist. It states:

It is ministry policy that all initial forest management activities, which directly affect the land, be referred to First Nations. Aboriginal Liaison Officers<sup>34</sup> have been hired across the province to assist First Nations to participate in the Crown Land Activity referral process. These advisors help to meet the demands of consultation, by promoting communication among First Nations, government and third parties. Consultation between parties has proven to be the most effective way to ensure the protection of aboriginal rights during forest planning development activities.<sup>35</sup>

Another claims-related initiative undertaken by the provincial government has been the development of Interim Measures Agreements (IMA). One such agreement, signed with the Nuu-chah-nulth tribal council in March 1994, following years of controversy over logging in Clayoquot Sound, establishes a joint management process designed to create a resource management partnership between government and First Nations. To implement the agreement, the parties have established a board made up of equal number of representatives from the government and the tribal council with a mandate to review plans and policy

---

<sup>33</sup> Nisga'a Treaty Negotiations: Agreement-In-Principle, February 15, 1996, P. 19-23.

<sup>34</sup> The concept of Aboriginal Liaison Officers and their facilitating roles in consultations was originally well-received; however, expectations, especially for First Nations, have not been fulfilled. The positions are government Ministry of Forest positions, working out of ministry offices. As a result, some First Nations perceive the officers as looking after the interests of government as opposed to First Nations. Subsequently, many First Nations are requesting assistance for similar positions within First Nations. In Ontario one company did provide funds to hire an ALO between the company and a First Nations community. (Personal communication from official of NRCan Canadian Forest Service, February 1998.)

<sup>35</sup> Ministry of Forests Aboriginal Affairs Branch, Programs and Interim Measures Section, Policy cited on website ([http://www.for.gov.bc.ca/aab/int\\_msrs/pim\\_pol.htm](http://www.for.gov.bc.ca/aab/int_msrs/pim_pol.htm))

decisions relating to Clayoquot Sound. The plans and policy decisions named in the agreement include land-use plans, local resource use plans and other others related to resource extraction. Disputes among board members are referred to the provincial cabinet. *Delgamuukw* may be an area on which it has specific impact.

The provincial government has signed other IMAs with First Nations, although none has established a similar co-management structure. Commenting on these recent developments in the province, two observers had this to say:

“Prior to the late 1980s, forest policy proceeded without much attention to aboriginal interests or claims, and First Nations groups pursued their interests within a poorly developed aboriginal policy regime highly resistant to their needs. By the mid-1990s, First Nations peoples have moved to the core of the forest policy regime. Their beliefs have been incorporated in policies and procedures, and they have been given new institutional authority – virtually on par with the Crown – to represent and pursue their interests.”<sup>36</sup>

## **5.1 Results of the Interview Program**

Of the eight companies in BC invited to participate in the interview program, five agreed to discuss their companies’ policies and activities related to Aboriginal peoples. One regional association also agreed to an interview, while another forwarded relevant documentation for the study. Sales range from \$700 million - \$2 billion, and companies operate in the following areas: lumber, logging and sawmilling, pulp and paper, wood products, and timber.

### **5.1.1 Policy and Organization**

Only one of the companies interviewed has a specific framework document devoted to building relationships with Aboriginal people. The document provides historical background, defines general principles to guide relations, identifies people and operations within the company to facilitate shared learning, suggests educational and training opportunities to support relationship-building, creates a process to measure progress, and identifies other sources of information on Aboriginal issues.

The interviewee felt that the document reflects the value which the company places on relationships with communities in which they do business. The framework document, developed over a period of three years and in place for 18 months, was created in an effort to “live up to what we say we are”. The document states:

Aboriginal people are an integral part of Canadian communities in which we operate... and are also a source from which we draw new employees. They

---

<sup>36</sup> George Hoberg and Edward Morawski, "Policy change through sector intersection: forest and aboriginal policy in Clayoquot Sound", Canadian Public Administration, fall 1997, P.404

represent a growing business sector capable of providing goods and services for our operations... . Basically, it makes sound, strategic business sense to recognize the role of Aboriginal people as stakeholders in Canada's economic growth, and to proactively build mutually beneficial relationships with Aboriginal people.

One company indicated that they purposely do not have an Aboriginal policy, so as not to be seen as favouring any group or community, and because the purpose of business partnerships are economically- not culturally-driven. The interviewee mentioned that their implied policy is that they seek partnerships with variety of business; deal with many First Nations and alliances; and seek to find economic partnerships (joint ventures, contracts, woods exchange programs, etc.) with Aboriginal people. Various people take responsibility for Aboriginal relations, including the CEO, who started one of the first joint-ventures between two companies and a consortium of five local First Nations in 1973-74.

Another company indicated that they are working on a corporate policy, and have a "Stewardship" policy, which includes numerous references to relations with Aboriginal people. The document notes, "Forest Development Plans...are constantly revised and updated to reflect the needs of all stakeholders including the government, First Nations, and the general public. [The company] works closely with community groups, including First Nations, to ensure that all stakeholders have input into Development Plans". In a section devoted to "First Nations and [the company]", the document notes "we believe that meaningful involvement and inclusion of First Nations is integral to the long-term economic stability of the communities in which we operate."

The interviewee, manager of Aboriginal affairs and environment, noted that 27 First Nations have traditional territories which are in their area of operation. He emphasized that he takes a consultative approach with personnel and will make personal visits to visit with elders and First Nations to tell them about the company and to discuss initiatives. He has found that it is essential for personnel who are active in these locations to develop skill set to work with local First Nations.

One company referred to an "informal policy" (which is not for public distribution, but is circulated in the company). The policy serves to provide a uniform response when situations arise relating to local First Nations. The document was written in 1995 and stresses taking a long-term vision to developing relations that are mutually beneficial, and undertaking a more proactive approach to enhancing relationships. The goal is to make sure the company continues to succeed in face of changing relations, and to preserve cutting rights, logging profits, and ensure uninterrupted operations. The interviewee has found that the nature of the relationship often depends on the unique circumstances of the First Nation, such as their level of economic development. They have found the First Nations

appreciate being consulted, and the company's efforts to ensure preservation of sites.

A series of principles guide the discussions one company has with First Nations. These principles focus on establishing long-term relationships; building trust; ensuring mutual respect; and engaging in win-win activities, for example. The degree to which these principles are sustained depends on length of time the company has dealt with the community and the amount of trust that has been built. The Aboriginal Affairs Manager at one Association interviewed asserted that developing such policies is left to the members to decide, because of the competitive nature of the business. Although this information is not tracked, the Association is aware that some companies have clear policies, others have informal policies, while others have none. The Association itself does not have a policy. Informally, the Association has the view that member companies work with Aboriginal groups where possible to develop sound business ventures. The interviewee felt that this association is doing fairly well in this regard, as indicated by the fact that virtually all members are involved in business ventures, which range from small contracts to major partnerships.

Another association, which does not have a particular policy, does have a Forestry and Aboriginal Affairs committee. Linking their previous Aboriginal Affairs Committee to the Forestry Committee illustrates the close linkage between treaty negotiation issues and the working forest land base. In the annual report, the committee chair reported:

[Association] members were active in responding to a variety of government negotiating mandate decision papers...and in presenting industry's views on selected portions of the [an] agreement in principle...and in authoring a larger submission which critiqued the AIP in light of its precedence on other negotiations.

Three regional consultants retained by the association assisted industry representatives attending consultations for treaty negotiations. The association's annual report also reported on treaty negotiations, noting "positive shifts" and "major improvements in the 'openness' of negotiations".

### **5.1.2 Employment and Training**

None of the companies interviewed officially tracks employment figures, nor do they have official activities to encourage Aboriginal employment in the company.

The same company which wrote a framework document to guide relations with Aboriginal peoples indicated that they try to be careful about how they approach Aboriginal communities about employment. The company seeks opportunities to inform communities about the company, especially in schools where company officials encourage students to stay in school, mention employment opportunities



and outline educational requirements for employment in the industry. The interviewee stated that, when the company needs to hire new employees, it tries to make a special effort to inform First Nations, such as by publishing announcements in Aboriginal newspapers.

The company has not tracked the number of Aboriginal employees specifically, although they do track diversity in their workforce. The interviewee felt the company is making some progress in this regard, but slowly, especially in terms of direct employees, of which 4% are estimated to be Aboriginal people on a corporate-wide basis. In areas where the Aboriginal population in the community is high, the ratios of Aboriginal and non-Aboriginal employees are fairly close. The company also hires Aboriginal contractors. The framework document identifies progress measures (relating to direct and indirect employment of Aboriginal people, business alliances, training and community involvement), an indication that the company plans to track this kind of information.

The company does offer pre-employment training through a BC Ministry of Forest program whereby after 3 months of classroom training, students do a workplace placement in the company – this program is directly targeted to Aboriginal people. The company does not offer cultural awareness sessions for non-Aboriginal employees.

One company offers pre-employment training to potential Aboriginal employees for specific job aspects (ie. technical training, sawmill functions, etc.). They also try to cooperate with local colleges for basic literacy and skill upgrading. The company ensures that such programs can be delivered on-site, offers financial support, and facilitates employees' access to such courses (i.e. by setting up shifts so as to allow for time off for training).

Although the company does not track the number of Aboriginal employees (and noted that they do so purposely), in local areas they expect to employ a proportional percentage of the local population. Thus, in one area of operations, the level of Aboriginal employment is about 40%, which reflects the proportion of Aboriginal people in the local community. Aboriginal employees work at all levels of operations, including some in supervisory roles.

Although it is not a routine practice, one company has provided awareness training for its non-Aboriginal employees, approximately every 2-3 years. The training is not mandatory but is made available to everyone. The program is delivered by BC Hydro, and an Aboriginal intern coordinated and set up a recent offering of program in cooperation with local Aboriginal groups. The interviewee felt that this session was particularly successful as it focused specifically on the issue of treaty negotiations. This subject provided a useful context and impetus to draw people

to the program, and ensured that the cross-cultural learning was relevant to people's daily work.

Another company stated that while they have not tracked rates of Aboriginal employment in past, they plan to do so this year. In silviculture, for example, the company aims for a 20% target; however, in some regions the figure can sometimes be as high as 60%. Aboriginal employees tend to work mostly in logging operations, road construction, and sawmills. In its forest stewardship document, the company notes that it operates in numerous native territories and that First Nations people want a greater share of resources, and are seeking job opportunities. As such, the company commits to expand tree farming and other environmental projects in their Stewardship program and declares that "many of these new jobs will be allocated to native people from local communities where we operate".

The company has initiated a program to include First Nations in development planning, providing training for native workers, economic development opportunities and job creation in many local communities. For example, they have a silviculture agreement whereby 20% of the work goes to the First Nations in the local area. They have provided training in forest harvesting practices to over 20 people from one First Nation, as well as training in road construction, silviculture, harvesting and other forestry-related activities. In other instances, the company is consulting with First Nations on planned development within their territory, joint forest resources training, employment and silviculture initiatives.

The company provides a pre-employment training program for Aboriginal employees to bring them up to speed in specific areas. For example, there is a 3-6 month training program in silviculture, and the company has contributed \$1 million for a 2.5 year program to train a harvesting crew. Through this program, of the original 150 who applied, 67 were trained and many hired following the course. The company is also working with Forest Renewal BC on a couple of cultural awareness programs. The interviewee noted that the management of cultural features or sites found on land base is a major issue; as such, all engineers and foresters are sent to a one day course on how to recognize these features and what to do with them.

The interviewee commented that the company finds they have to alter programs to fit the needs of their workforce.

Another company reported that, while there are no formal measures to attract Aboriginal employees, they make an effort to hire individual Aboriginal people whenever possible, depending on the area. Although the informant did not have specific data, he indicated that there is a 'significant number' of Aboriginal people working with the company either through contracts or as direct employees. For this company, the nature of the relationship varies; in some areas they employ First Nation members, in other instances they will help First Nations through the process of setting up a business. The company also engages in joint ventures.

The company provides only on-the-job training. As part of the Forest Service's pilot project for training forest technicians, the company sponsored an employee from their operations as one of the 20 students in the program. The company also helped First Nations obtain forestry training through a program run by Forest Renewal BC, whereby the company participates by acting as mentors for students and provides the field training component of the program. Originally a pilot project, the program is now entering the second phase of delivery after a successful initial introduction.

The company does not offer formal awareness training for non-Aboriginal employees. Employees are encouraged to get involved with Aboriginal communities, and to participate in their events, in an effort to learn more about them. The interviewee also noted that the exposure of Aboriginal people to others in the forest industry is equally important.

One association which participated in the interview program does not engage in specific activities to increase the employment and training opportunities for Aboriginal people in the forest industry. They do offer encouragement and support for hiring and training; and encourage their members to "hire the right individuals – those who are motivated, entrepreneurs, and genuinely interested – not just to look good; and to base their dealings on sound business principles, not tokenism".

The association also does not formally track employment figures, because they are reluctant to "separate things out based on racial lines". The interviewee noted that the Aboriginal workforce is growing, although it is probably not yet representative of the general population. It is difficult to estimate levels of employment or to generalize. For example, there are mills on reserves, or in communities where population is almost completely Aboriginal; in some areas 40-60% of employees are Aboriginal, while in others it may be even as low as 5-6%.

The association remarked that they do hear from Aboriginal communities that there is interest in being more involved in the industry; however, "unemployment figures being what they are, so would others" he said. According to the informant however, in general, Aboriginal people prefer (or are perceived to prefer) to "work in their communities or in the bush rather than in the mill". He noted that contracting opportunities in the forest require more manual labour skills rather than higher levels of education.

The interviewee also stated that the association is trying to encourage people who want to be more involved in management than manual labour. To this end, some of their members have training or internship programs. One interesting initiative involves a partnership between the industry, the Ministry of Forests, the Council of Forest Industries and Forest Renewal BC. A number of First Nations identified youth that had a strong interest in forestry to participate in a technician training program. Funding of about \$335 K from the Ministry and Forest Renewal BC covers tuition, books and equipment for three months of classroom training. The

students then spend three months on the job with a forest company gaining management work experience and technical training. The Council of Forest Industries helped to co-ordinate the involvement of 13 forest licensees for the program. To date, 20 students have participated. The interviewee deemed the program to be very successful. Following a pilot program, a review is being carried out to improve the program for future delivery.

The other association suggested that some of its members have business relationships and may have policies or measures related to the employment and training of Aboriginal people; they may also have programs for enhancing business relations. The Association itself does not, and does not involve itself with the specific activities and interests of member companies in these affairs.

### **5.1.3 Aboriginal Business**

In the province, the Institute's interview program revealed a rich array of Aboriginal business initiatives ranging from value-added to primary activities. Obvious areas of interest are in harvesting and silviculture. There are also some examples of partnerships in specialty manufacturing and primary milling. Many First Nations have forest licenses, which means they can then work with mills by trading logs, or in full partnership with companies. For most companies, the emphasis on relations with Aboriginal peoples focuses on economic development issues.

One company indicated in its framework document that it is committed to developing long-term business arrangements with Aboriginal people covering the full spectrum of business arrangements – from contracting a complete piece of their business to full investment and operational partners in a value added business enterprise. There was no data regarding the type of business lines and dollar values of such contracts in which they are involved; however, the interviewee indicated that the contracts cover most of their business especially in harvesting, inventory control, and log hauling. The company is also discussing the development of joint ventures in saw milling, in value-added manufacturing, but does not presently have any joint ventures.

In other areas, the company has provided assistance to Aboriginal entrepreneurs, such as with their incorporation, working through business plans, accessing funding and hardware. The interviewee found that one impediment to Aboriginal business development was that sometimes “they want to go big right away”; the company tries to advise Aboriginal companies to stay small, especially when starting out.

In one company all operations have a variety of contracts with Aboriginal businesses. Contracting is normally initiated by the local First Nation (silviculture, harvesting, small-scale sawmilling, developing a wood lot etc). The company will also help the Aboriginal contractors through the various steps of starting up a

business. For example, if First Nations form their own small forest company for doing contracts with the firm, or for operating on their own reserve, the company will assist with logistics throughout the process, such as dealing with the bureaucracy, setting up GIS systems, or establishing inventory systems.

One interviewee noted that if Aboriginal companies enter into logging contracts, they can then apply to for government funding for Crown land, and then will work on their own. This results in another type of business relationship, as the company will buy logs from the Aboriginal company in exchange for training or using the logs.

In an effort to strengthen the capacity of Aboriginal business, a community college conducts forest technical training with a focus on the native community. One forest company interviewed indicated that it supports the college both financially and by providing work placements. The program is geared specifically for the initial training for foresters, and also centres on business arrangements (ie. developing a business plan, applying for timber sales, etc). This program has been in place for about 20 years, and every second year every division in this particular company has at least one student on a placement, and often more than one.

A company noted that First Nations approach them for opportunities for their youth to be exposed to business. The company hires summer students from local First Nations. They try to seek out locally interested students, especially if the student is attempting to pursue their studies. The company also participates in career days at local schools. The bottom line, however is that the arrangement has to be for a business purpose.

One company indicated that it is involved in at least six joint ventures with Aboriginal people, all designed to be taken over by the First Nations themselves. A lesson the partners have learned is that the main benefit to the Aboriginal community is the opportunity for employment, and not necessarily the physical ownership of the infrastructure, which can be very expensive to maintain. The company ensures that the Aboriginal partners they have full access to company data, and discourages them from entering into a relationship with another competitor, as they are interested in maintaining a long-term relationship with them. The interviewee could not offer data relating to types and value of the businesses, but maintained that the company is very active with a number of First Nations to explore further funding opportunities and business relationships. The company is seeing the benefit of partnerships with First Nations: relationships with First Nation council and community have improved; they are working together to create employment; meetings for approval for new logging development run smoothly; and many other such spin-off benefits which were unanticipated.

Another company indicated that they are considering joint ventures in woods and milling opportunities. The company actively supports First Nations businesses that

are complimentary to theirs, and is considering pooling of cutting rights and joint ventures. They have also invested in milling opportunities, and lent equipment to Aboriginal contractors. In other cases, the company has assisted Aboriginal contractors register their businesses. The company has also developed inventories related to Aboriginal firms, and awarded contracts through this. In spite of these measures, however, this company felt that generally speaking the union and Aboriginal people “don’t see eye to eye”, due to issues of seniority and tenure, requirements for increasingly higher levels of skills and education and historically low levels of trust.

From the company’s perspective, it has engaged in meaningful dialogue with Aboriginal people on their concerns regarding the company’s operations. The company has also collaborated with First Nations on bids. For example, for one bid the ground crew had to be from the First Nations community, so the company collaborated with a local crew and they were the successful bidders. The company trained the crew of about 20-30 people, all of whom are still working with the company today. In another more recent example, a First Nation had cutting rights and wanted to build a sawmill. They approached the company for assistance, and the company helped them build and run the sawmill. In return, the company received logs from their timber sale, and now the First Nation runs the mill more or less independently.

The association interviewed again stated that they do not track numbers, volume and the nature of their members’ contracts with Aboriginal contractors, although they are aware that some of their members are involved in joint ventures with Aboriginal people. He noted that in that region people who work in mills are unionized, and in bush they are all contractors.

The association does not provide any particular services to enhance the capacity of Aboriginal entrepreneurs to bid on contracts or set up businesses; however, they do try to facilitate networking. He noted that there is still a “them/us” attitude which hampers relations between the industry and First Nations especially regarding treaty negotiations; however, Aboriginal groups, if they have a license, can join the association. The interviewee indicated that there are some forestry-Aboriginal partnership operations that are members of association, and they have had some inquiries from First Nation ventures involved in small manufacturing that were contemplating membership.

#### **5.1.4 Relationships with Aboriginal Communities**

All of the companies interviewed indicated that they engage in activities of a non-business nature, and have agreements with Aboriginal communities on a variety of issues. While the majority of companies felt that their relationships with Aboriginal communities are positive, the treaty and land claims issue can strain relations. Most

companies in the forest industry face similar business risks and uncertainties, related to markets, environmental concerns, government regulations and Aboriginal land claims. One company notes in its annual report:

Aboriginal land claims and self-government are issues of uncertainty and risk faced by resource industries in Canada. This is particularly so in British Columbia, where a significant percentage of the province is subject to land claims. At present, the lack of clarity on Aboriginal and treaty rights on Crown lands causes uncertainty and delays in some of [the company's] planning process and harvesting activities. In a recent instance, harvesting has been delayed while an Aboriginal band seeks a judicial review of the validity of a cutting permit issued to [the company] by the Ministry of Forests.

One company has several MOUs with individual First Nations, focussed the nature of the relationship, rather than on specific activities. The company is working with the timberland side of the business to act as a communication link with Aboriginal communities. Company officials meet frequently with councils and keep close contact with them. In one case a woodlands manager meets monthly with a local Chief.

The company also offers diversity scholarships in each province in which it operates, scholarships which focus on minorities (women, or others) who are going into sciences. Although they qualify, there is a slow uptake by Aboriginal people. The program has been in place for 3 years, and the amount of the scholarships vary according to the educational institution.

The company also has two 'networking' councils that provide a forum for sharing the status, experiences and learnings with respect to Aboriginal relations. One council focuses on the day-to-day interface in the forest and local communities, regarding community involvement, indirect employment and business alliances. Another council focuses on Aboriginal employment, education and training and community involvement. The councils are sponsored by the company's president. The company has also participated in other fora, such as the Business at the Summit in BC, a networking session of the Conference Board of Canada for Aboriginal business; and supports the Canadian Council of Aboriginal Business.

One company noted that there are legal obligations in the *Forest Practices Code Act* for consultations with local Aboriginal communities regarding the company's activities on Crown land. Because company business plans are done annually, there is a routine time for these consultations. Discussions are also arranged to respond to changes in plans. The company tries to ensure there is a collaborative process, although it usually takes the initiative with regard to consultations. They find that, as First Nations are getting deeper into treaty negotiations, consultations are becoming increasingly political, a factor which hampers the discussions.

In other activities of a non-business nature, the company offers a school bursary and sponsors extra-curricular activities such as teams. Some divisions of the company also sponsored local teams at the Aboriginal games held in Victoria. The company participates in the annual session, "Business in the Summit", which brings together corporations and Aboriginal groups for business purposes, and last year presented a paper jointly with a First Nation. Finally, the company also supports the National Aboriginal Achievement Awards Program, and participates in career fairs.

Another company is supporting a forestry expert in a couple of First Nations to review the company's plans, and they hired a First Nations person to be an environmental monitor. In one community, a representative of the company went on TV to talk about employment and the company's development plans. The company also visits local high schools to encourage students to consider a career in forestry.

For another company, formal agreements with Aboriginal First Nations are mostly of an economic nature. This company noted that the MOUs have not resulted in anything concrete, but have been an important step in building trust. In terms of other means of enhancing relationships with Aboriginal peoples, the company hires youth on internships and provides on-the-job training for them. While they don't offer scholarships, the company does support First Nation endeavours, by providing some financial assistance locally where useful (but not large amounts), donating money or materials for cultural events or infrastructure needs. The company also participates in the "Business at the Summit" conference.

In accordance with the Forest Practices Code, a number of companies have noted in their annual reports that they consult with First Nations on company development plans.

The association interviewed does not have any formal agreements with Aboriginal communities, but encourages communication with them. The association would consider entering into a formal agreement with an equivalent type of organization (ie. an entity representing the First Nations in the area), but such a structure does not presently exist. The association also does not track members' approaches to developing relationships with Aboriginal peoples.



## 5.2 Conclusions and Lessons Learned

As in the other regions, the policies and strategies of individual companies differ from company to company, depending on their vision, operations and situation. The size of the company also has an effect on the type and number of activities. The smaller companies seem to be more proactive, more community-based, and more reliant on local timber supplies. A number of comments from different interviews emphasized the need for communication, and underlined the fact that it makes good business sense to cooperate with and enhance relationships with Aboriginal people. Informants stressed the need to be patient, and encouraged “listening”.

One informant reflected that there is often a “ladder of cooperation” – “communication isn’t always great in this province, sometimes you start with icy silence; and there’s lots of listening...you find out a lot about things you’ve been doing that the First Nation doesn’t like.” The interviewee stressed that for communication to be effective it has to be a “two-way street”.

One person observed that there is a tendency to think that a company can establish a relationship, or engage in a particular activity with one First Nation and that it will work with another. There is no template, and relationships and activities have to be negotiated with the First Nation and community – off the shelf programs don’t work. The interviewee was not confident that the government understands this, and claimed that if an initiative fails it can actually be more devastating than if they hadn’t tried.

There was no consensus on the role that other actors could play, although people tended to feel that the best way to enhance relationships was “to get out and create our own relationships and business opportunities”, rather than have the government play a leading role.

In addition to enhancing awareness about Aboriginal people, some also noted that Aboriginal people also needed to learn more about the industry. One individual commented “they often think it’s a big money machine, and don’t realize we can lose just as much as we can make”. Someone also noted that even facilitated communication is needed, even more than written agreements – “most First Nations people don’t want to look at a lot of paper; they would rather sit and talk, building personal relationships – and this is not far off from what people in the [forestry] business prefer”.

For most, the key motivation for collaboration is based on sound business principles. The companies need raw materials that are often located in proximity to or in First Nation’s areas. Aboriginal people seek employment and business development opportunities, often in areas close to where they live.

All agreed that developing and enhancing relationships is a long-term process, and that the BC forest industry in general is working more closely with First Nations today than they have been in the past.

## 8 CONCLUSIONS AND RECOMMENDATIONS

The Institute's main conclusions, based on the survey of contextual factors and the interview program of some thirty-five firms and industry associations, can be summarized in the following sixteen points.

- a. **A transformation has occurred over the past ten years in terms of the context in which the forest industry and Aboriginal peoples relate to one another.** This transformation has resulted from a variety of factors. Some factors are of an international nature, including a succession of international agreements and initiatives which recognize and support sustainable forest management coupled with strong Aboriginal participation; others that are specific to Canada such as important court decisions and new forestry legislation that have helped protect Aboriginal rights to traditional pursuits and ensure Aboriginal participation in forest management.
- b. **There have been and will continue to be some counter currents to the overall direction of greater Aboriginal involvement in the industry. For example, a change in government may result in policy changes or political pressures may intensify from non-Aboriginal interests because of their perception of 'inequities' in the treatment of Aboriginal interests. Nonetheless, there appear to be significant pressures in play such that the general trend will continue.** One such pressure is competition among forestry firms with regard to their building relationships with Aboriginal communities and organizations, competition which will result in new innovations and many more proactive initiatives on the part of the industry.
- c. **One important result of this transformation is that forestry firms state unequivocally that a strong "business case" exists for developing closer ties with Aboriginal communities** and, more particularly, for taking pro-active measures to create economic benefits for Aboriginal communities and businesses.
- d. **The lack of comprehensive data makes it impossible to quantify with any precision what the results of this change in the relationship has meant in terms of contracts to existing Aboriginal businesses, the formation of new businesses, increased employment and training opportunities, new joint ventures and other benefits such as protection of traditional Aboriginal pursuits related to the forest.** There is even a paucity of good case material at the level of the individual firm, for a variety of reasons: competition works against the sharing of information within the industry; and, in addition, some firms are rightly sensitive to appearing to use 'good news' stories for public relations purposes. It is also fair to say that these changes are a relatively recent phenomenon.

- e. **Based on the interview program and other corroborating evidence, the Institute can state with some confidence that business development is an area where impressive results are being achieved.** In Ontario, for example, where the Institute was able to obtain the best quantitative information, some five firms last year awarded contracts, mainly in the areas of harvesting, trucking and silviculture, in the range of \$16 million. The most impressive result of a single firm, of which the Institute was made aware, occurred in the Prairies region where one firm awarded contracts in the order of \$5 - \$6 million last year.
- f. **Coupled with the awarding of contracts to Aboriginal firms are the strong efforts being made by many firms in our sample to help build managerial and financial capacity among these businesses.** Some of the ways forestry firms are doing this are as follows:
- altering cash flow payments to help with working capital difficulties;
  - breaking contracts into smaller pieces to allow newer firms a better chance to compete;
  - lending equipment;
  - assisting in the development of bids;
  - helping firms lend money from conventional banking sources; and
  - in one case, establishing a forgivable loan fund of \$150 K.
- g. **Joint ventures are another important development in the relationship.** An industry survey in 1994 reported fourteen such ventures in BC alone. In other parts of Canada our survey indicated four in the Prairie Provinces and two in Quebec. Several more appear to be in various stages of negotiations. And other firms in our survey have indicated, sometimes publicly and in writing, a willingness to explore joint initiatives.
- h. **A large portion of the firms that the Institute contacted have ongoing relationships with Aboriginal communities, relationships which often find expression in the form of letters of agreement or MOUs.** Some of these agreements are comprehensive documents covering business opportunities, training and employment, protection of sensitive sites, and participation in forest management planning. This level of activity revealed through the interview program is corroborated by statistics from DIAND's Resource Access Negotiations program, which is designed, among other things, to assist First Nations to take part in negotiations leading to such agreements. Of \$15 M spent on this program in the period 1990/91 to 1995/96, slightly less than half this amount was designated to forestry initiatives in the form of co-management agreements or agreements with firms.

- i. **Asked about ‘lessons learned’ in forging these new relationships, many firms expressed the following:**
- **there is no single formula** – each Aboriginal community is different;
  - **this is a long term venture**; mutual trust can not be built quickly;
  - **a successful relationship can be richly satisfying to both sides**;
  - **two way learning is an aspect of any effective relationship**;
  - **at the top of many First Nations’ agendas is the need for training their people so that they can get jobs.**
- e. **Increasing Aboriginal employment levels within the industry appears to be the most significant challenge facing the industry.** There are some bright spots – for example, an industry association in BC in 1994 estimated that Aboriginal employees accounted for some 4 to 5 percent of industry employment, (overall Aboriginal percentage of the population is 3.7 percent). Furthermore, within our survey we found some impressive examples:
- one Ontario firm, with a number of sawmill operations, estimated that a quarter of its 4,000 employees were Aboriginal in origin;
  - another Ontario firm has embarked on a multi-million dollar pre-employment training program, involving over a hundred Aboriginal participants;
  - two BC firms estimate that about 40 percent of their woodlands employees are Aboriginal; and
  - in the prairie region, one firm in the survey estimated that 30 percent of its employees were Aboriginal in origin, another, in the 20 to 25 percent range (with 50 to 60 percent of its woodland employees being Aboriginal).
- e. **The large majority of firms in the sample stated that they have no special hiring programs directed at Aboriginal people, that their policy is to hire the best person for the job, regardless of background and that they do not track the number of Aboriginal employees.** Further, a major problem from the perspective of these firms is that most Aboriginal aspirants lack the educational background to be successful candidates. Other constraints cited were the following:
- some resistance from unions to change existing hiring rules;
  - hiring processes which are not ‘friendly’ to Aboriginal applicants; and
  - existing training opportunities, often located far from the Aboriginal communities, are not attractive or appropriate.
- d. **Only a small number of firms sampled have cultural awareness training for their non-Aboriginal staff.**
- m. **Only one firm in our sample has developed a corporate policy to guide its relationships with Aboriginal peoples.** This policy contained sections relating

to business development, employment, increasing the cultural awareness of their own employees, and community relations and has a series of measures against which the company (and outsiders) could gauge progress. Several other firms indicated their intention to develop such a policy or referred to Aboriginal-related statements, especially in regard to public participation, in other policies

- n. **With one or two exceptions, the industry associations that the Institute approached as part of this survey do not play any significant role in the development of relationships between their members and Aboriginal peoples.** They are active in situations where legislative change is being contemplated; nonetheless, they do not tend to have standing committees on Aboriginal affairs, they do not track in a systematic matter member initiatives with Aboriginal communities, nor do they appear to have an active role in organizing learning activities amongst their members in this area. Competition among firms in building their relationships with Aboriginal peoples is one of the reasons why industry associations appear to be inactive in this area.
- o. **There is a near consensus among interviewees in this survey that forestry industry and Aboriginal businesses and communities can best develop solid business relationships without the direct involvement of governments.** Interviewees, not surprisingly, have few suggestions for changes in government policies or programs and view the value of government as one of providing funding for initiatives, whether in business development or employment, initiatives which are conceived by forestry companies and their Aboriginal partners.
- p. **Despite the immense promise that participation in the forestry industry by Aboriginal people holds for furthering their economic prospects and well-being, there does not appear to be any multi-party focus on how progress in this area could be encouraged.** Further, there is not a strong coordinating mechanism even within the federal government. There are some encouraging signs. The development in Quebec of a multi-party forum dealing with the Cree is one such development. Another is that the Canadian Council of Forestry Ministers has recently struck a committee of officials to focus on Aboriginal issues. Even more significant is the recent announcement of a new Aboriginal Human Resources Development Council that will seek partnerships with businesses to improve access to jobs for Aboriginal people.

## **Recommendations**

Given the limited focus of this study, the recommendations flowing from it are relatively modest in nature. The recommendations outline activities and approaches which the CFS, and other actors, might consider undertaking in three key areas:

### *1. Creating a multi-party focus on the forest industry*

- a. **through the federal representatives on the new First Nations Human Resources Council<sup>37</sup>, have this Council establish the forest industry as one of its early priorities.**

The key arguments for pinpointing this industry are the following:

- the forest industry is by far the most important for Aboriginal people across Canada because of its size, its economic impact, its proximity to many Aboriginal communities and the importance with regards to traditional activities;
- for a host of reasons, the forest industry presents a multitude of opportunities for Aboriginal businesses and communities; and
- there are significant constraints to making progress, constraints that require the attention of Aboriginal people, industry, unions and both levels of government to solve together.

- d. **Initial agenda items that this Council might consider, should it decide to focus on the forest industry, could include the following:**

- **gaining a better understanding of why certain regions, in particular the Atlantic provinces, lag far behind their western counterparts;**
- **identifying success factors in effective joint ventures;**
- **analyzing whether and how government programs and the initiatives of firms to build business capacity might be better meshed;**
- **understanding the reasons why Aboriginal employees in certain firms are an important percentage of the overall work force; and**
- **analyzing the most successful approaches to training both on the job and in pre-employment situations.**

### *3. Undertaking further research*

The Council may take a number of months to get off the ground and even longer to establish its priorities and undertake some early initiatives. In the meantime, the CFS and / or other actors might continue to undertake some modest research projects that could inform the work of this Council and others interested in the issues. The results of this research should be made widely available.

- d. **the following types of research projects could help deal with the existing lack of good information:**

- **undertaking case studies of firms that have been successful in hiring and training large numbers of Aboriginal employees;**

---

<sup>37</sup> **Aboriginal Peoples and the Canadian Forest Industry** and business leaders announced the formation of the **FNHR Council** in late January, 1998. The new Council will seek partnerships with businesses to **Institute a One Government** Aboriginal peoples and expects to be operational by May of this year.

- analyzing efforts that some firms are taking to build business capacity in Aboriginal firms; and
  - undertaking case studies of joint ventures.
- b. developing a short compendium of corporate policies aimed at Aboriginal relations, policies emanating both from forest companies and those in other industries, and disseminating this compendium widely (perhaps through the Internet) to both the industry and First Nations, could provide practical examples of possible approaches.**

A number of companies in the Institute's sample were about to begin work on a corporate strategy. While such a strategy may not be useful for all industry players, it may help others send a clear signal to their employees, increase consistency across the company and develop tracking mechanisms so that firms can measure their progress. A compendium of existing policies might speed progress at very little cost.

- e. an appropriate organization could pull together some model agreements developed between Aboriginal communities and forest industry firms, and make these widely available.**
- f. dissemination of the findings of this report to those firms that participated in the study, to provincial governments and to First Nations, would improve the sharing of information among interested players.**

### *7. Developing better data on the relationship*

One of the major problems facing policy makers in the public sector, Aboriginal organizations and industry sources is the lack of good data on such key variables as business formation, existing companies and Aboriginal employment in the industry.

**g. working with other departments with Aboriginal mandates, and with industry sources, there may be inexpensive approaches to periodic sampling in order to measure progress and trends in:**

- **Aboriginal employment and training in the industry**
- **Business development.**

**h. the development and dissemination of a compendium of federal, territorial and provincial policies, and those aspects of forestry legislation, of direct relevance to Aboriginal firms and communities, might be undertaken through the existing program structure of the First Nations Forestry Program.**





**APPENDIX I COMPANIES AND ASSOCIATIONS THAT PARTICIPATE  
IN THE INTERVIEW PROGRAM**

*Atlantic*

Bowater Mersey Paper Co.  
Cornerbrook Pulp and Paper Ltd.  
Crown Timber Fraser Inc.  
Eagle Forest Products Ltd.  
Kimberly Clark Nova Scotia  
MacTara Ltd.  
Miramichi Pulp and Paper Inc.  
NB Forest Products Association

*British Columbia*

Cariboo Lumber Manufacturer's  
Association  
Council of Forest Industries  
International Forest Products Ltd.  
Northern Forest Products Association  
Weldwood Canada Ltd.  
Western Forest Products Ltd.  
Weyerhaeuser Canada Ltd.

*Ontario*

Abitibi-Consolidated  
Avenor Inc.  
Buchanan Forest Products Limited  
Domtar  
E.B. Eddy Forest Products Ltd.  
James River – Marathon Ltd.  
Ontario Forest Industries Association  
Tembec Forest Products  
Tolko Industries Ltd.

*Prairies*

Council of Saskatchewan Forest  
Industries Inc.  
Daishowa-Marubeni International Ltd.  
Louisiana-Pacific Canada Ltd.  
Pine Falls Paper Company  
Saskfor MacMillan Ltd.  
Tolko Manitoba Inc.  
Weyerhaeuser Canada Ltd.

*Quebec*

Abitibi-Consolidated  
Carton Saint-Laurent  
Domtar  
Donohue  
Norbord  
Tembec  
Uniforêt

## APPENDIX II

### QUESTIONNAIRE FOR FORESTRY COMPANIES

**1. Basic information on the company** (to be gleaned from an annual report, if available)

- size (sales, assets, number of employees)
- principal business lines
- geographic location of operations
- head office location

**2. Policy and Organization**

- Does the company have a corporate policy to guide relations with Aboriginal people?
- If so, when was it adopted, what motivated its creation, who approved it, and what elements does it cover? (is a copy available?)
- Has your company identified a responsibility centre for overseeing its relations with Aboriginal peoples?

**3. Employment and training related to Aboriginal People**

- Does the company have any policies or practices related to the employment, training and retention of Aboriginal peoples?
- Does the company track the number of Aboriginal employees and the types of jobs they fill? If so, what are recent data (including % of Aboriginal employees to total) and trends?
- Does the company do any pre-employment training?
- Does the company provide any Aboriginal awareness training for its non-Aboriginal employees?
- What has the company learned from its activities in this area?

**4. Aboriginal Business**

- Does the company have any special measures to encourage contracting or joint ventures with Aboriginal companies?
- Are there recent data relating to dollar volumes, trends, and type of business (harvesting, silviculture, hauling, maintenance, road building etc.)?
- Does the company undertake any activities to strengthen the capabilities of Aboriginal business e.g to improve their capacity to win contracts?
- What has the company learned from its activities in this area?

**5. Relationships with Aboriginal communities or organizations?**

- Does the company have any agreements, protocols or MOUs with Aboriginal communities or organizations (non-business)?
- If so, with whom, what topics do they cover (e.g. employment, management of resources, environmental concerns etc.) and what motivated them?
- What has the company learned from its activities in this area?

**6. Other means for enhancing relationships**

- Are there any other ways in which the company enhances relationships with Aboriginal peoples - for example, in the offering of scholarships or training opportunities for individuals other than employees?
- Do company officials participate in forums which discuss best practices?

**7. Other actors**

- Are there any actions such as changes in legislation, policies or programs that other actors (federal and provincial governments, industry associations, unions, Aboriginal organizations) could take that would allow better relationships to develop between your company and Aboriginal peoples?

## APPENDIX III

### QUESTIONNAIRE FOR FOREST INDUSTRY ASSOCIATIONS

**1. Basic information on the Association** (to be gleaned from an annual report)

- number of member companies (including total assets, sales, employees)
- principal business lines of members
- geographic location of members

**2. Strategy, Policy and Organization**

- Does the association have a strategy or policy to guide relations with Aboriginal peoples?
- If so, when was it adopted, what motivated its creation, who approved it, and what elements does it cover? (is a copy available?)
- Does the association have an organizational focus for assisting or guiding member relationships with Aboriginal peoples?
- Can any useful generalizations be made about the type of member companies that have adopted pro-active approaches to improving relationships with Aboriginal peoples i.e. size of company, location, industry segment?

**3. Employment and training related to Aboriginal People**

- Does the association provide any services to its members in this area?
- Does the association track policies or practices of its members related to the employment, training and retention of Aboriginal peoples?
- Does the association track the number of Aboriginal employees and the types of jobs they fill? If so, what are recent data (including % of Aboriginal employees to total) and trends?
- Do many of its members provide Aboriginal awareness training for their non-Aboriginal employees?

**4. Aboriginal Business**

3. Does the association provide any services to its members in this area?
4. Does the association track any special measures its members undertake to encourage contracting or joint ventures with Aboriginal companies?
5. Is there recent data relating to dollar volumes, trends, and type of business (harvesting, silviculture, hauling, maintenance, road building etc.)?

6. Does the association undertake any activities to strengthen the capabilities of Aboriginal business
7. e.g to improve their capacity to win contracts?

**5. Relationships with Aboriginal communities or organizations?**

- Does the association track agreements, protocols or MOUs that its members have with Aboriginal communities or organizations (non-business)?
- If so, what topics do these instruments cover and what appear to be the principal trends?

**6. Other means for enhancing relationships**

- Are there any other ways in which member companies enhance relationships with Aboriginal peoples - for example, in the offering of scholarships or training opportunities for individuals other than employees?
- Do company officials participate in forums which discuss best practices?

**7. Other actors**

- Are there any actions such as changes in legislation, policies or programs that other actors (federal and provincial governments, industry associations, unions, Aboriginal organizations) could take that would allow better relationships to develop between member companies and Aboriginal peoples?
- Does the association work with provincial governments with the goal of improving relationships with Aboriginal peoples?